BANK OF ENGLAND
PRUDENTIAL REGULATION AUTHORITY

FCA
FINANCIAL CONDUCT AUTHORITY

Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

VIRIDIAN HOUSING

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014

MUTUAL REGISTRATION DEPARTMENT

7 OCT 2016

Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 **Email a scanned copy of the signed form and supporting documents to**

mutualsannrtns@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1 Details of society

1.1 Details of the society

Register number	12752R
Registered office address	COLWELL HOUSE 376 CLAPHAM ROAD LONDON
Postcode	SW9 9AR

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

31 / 03 / 2016

Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	HATTIE LLEWELYN-DAVIES
Address	COLWELL HOUSE 376 CLAPHAM ROAD LONDON
Postcode	SW9 9AR
Year of birth	1955
Business occupation and other directorships	OCCUPATION - SELF-EMPLOYED CONSULTANT WORKING ON GOVERNANCE WITH HOUSING ASSOCIATIONS. CHAIR OF BUCKS HEALTHCARE NHS TRUST. COMPANY MEMBER OF ISLINGTON & SHOREDITCH HOUSING ASSOCIATION AND OBSERVER AT CIRCLE GROUP MEETINGS.

1.4 Details of Treasurer

Name	NOT APPLICABLE
Address	
Postcode	
Year of birth	yyyy
Business occupation and other	

directorships	

1.5 Details of Secretary

Name	KERRY TROMANHAUSER
Address	COLWELL HOUSE 376 CLAPHAM ROAD LONDON
Postcode	SW9 9AR
Year of birth	1969
Business occupation and other directorships	OCCUPATION - DIRECTOR OF GOVERNANCE & ASSURANCE

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
RODNEY ROBERT MORTON B.Sc., FCA	COLWELL HOUSE 376 CLAPHAM ROAD LONDON SW9 9AR	1944	OCCUPATION - RETIRED CHARTERED ACCOUNTANT
PETER DONALD ROSCROW	COLWELL HOUSE 376 CLAPHAM ROAD LONDON SW9 9AR	1963	OCCUPATION - MANAGEMENT CONSULTANT. DIRECTOR OF ACME STRATEGIC MANAGEMENT LTD, RADIO SOHO LTD, EALING CARE ALLIANCE LTD AND EALING CARE ALLIANCE (HOLDINGS) LTD
JOHN THOMAS COX	COLWELL HOUSE 376 CLAPHAM ROAD LONDON SW9 9AR	1941	OCCUPATION - RETIRED ENGINEER
FLORENCE BARRAS	COLWELL HOUSE 376 CLAPHAM ROAD LONDON SW9 9AR	1964	DIRECTOR OF FLEX MANAGEMENT CONSULTING, PARTNER OF BARBENTAS DEVELOPMENTS LLP, ANAGENNAO INVESTMENTS LLP, DIRECTOR OF BARBENTAS INVESTMENTS LTD, CHAIR OF ASSOCIATE BOARD VALUEWORKS LTD, BOARD MEMBER OF ROSEBERRY HOUSING ASSOCIATION
SAMANTHA NATASHA HERELLE	COLWELL HOUSE 376 CLAPHAM ROAD LONDON SW9 9AR	1973	OCCUPATION - INTERIM DIRECTOR OF OPERATIONS
		yyyy	

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

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Please continue, answering all questions.

1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?

☒ No

☐ Yes

1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No

☐ Yes

Financial Services Register firm reference number

1.9 Is the society a subsidiary of another society?

☒ No

☐ Yes

1.10 Does the society have one or more subsidiaries?

☐ No

☒ Yes

1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?

☐ No

☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☒ Yes

1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?

☒ No

☐ Yes ▸ provide your Scottish Charity number below

1.13 Is the society registered with one of the following (please tick)?

☒ Homes and Communities Agency

☐ The Welsh Ministers

☐ Scottish Housing Regulator

If so, please provide your register number

LH0172

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

1.15 Is membership of the society required to obtain the benefits offered by it?

☐ Yes
☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

1.17 How did members democratically control the society?

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

Please use separate sheets of paper if you need more space (see section 5 above)
Please indicate how many separate sheets of paper you have used.

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

The association is formed for the benefit of the community. Its objects are to carry on for the benefit of the community:

• The business of providing housing, accommodation and assistance to help house people, associated facilities, amenities and services for financially disadvantaged people or for the relief of older, disabled, physically and mentally impaired or chronically sick people or for bona fide students in full-time education; and

• Any other charitable object that can be carried out by a Community Benefit Society registered as a social landlord with the regulator.

1.20 How did the society benefit that community during the year?

Viridian provided c16,000 properties for social and affordable rent, and low cost home ownership. During the financial year 2015/16 307 new homes were developed - 187 affordable rented units, 88 shared ownership and 32 outright sale.

In addition to providing housing management services to our customers, we also made over 3,500 social impact contacts with customers, the highlights of which are below:

Financial Inclusion Team worked with:

- 2,159 customers
- Gained £465,310 in personal benefits for residents
- recouped £1m in lump sum Housing Benefit
- recovered £6.5m in annualised Housing Benefit
- Prevented 162 court cases

Affordability and Early Tenancy Support:

- We completed affordability assessments with 708 customers
- Provided an early tenancy support service to 429 customers (research shows that the early years of a tenancy are where there is a highest risk of tenancy failure)

Volunteering and Employment:

- 48 residents gained paid employment
- provided employment training for 128 residents
- provided 183 volunteer placements

Digital Inclusion:

- 121 customers completed digital inclusion training and of these, 79% feel more confident and 87% feel more in touch with the world as a result of completing the training.

Community Hubs:

In October 2015 we established two community hubs, offering housing, employment and financial inclusion advice. A total of 212 residents visited the hubs for advice and support.

1.21 How did the society use any surplus/profit?

Maximising our net surplus enables the society to maintain headroom against our banking covenants and protects the organisation against risks which could impact on our long-term financial plan. This enables the society to borrow new funds at lower rates of interest, and to continue to develop more new affordable homes. It also enables investment in improving services for our residents and value for money.

Please use separate sheets of paper if you need more space (see section 5 above).

Please indicate how many separate sheets of paper you have used.

0

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	8
B	Members ceased during year	2
C	Members admitted during year	0
D	Members at end of year	6
E	Turnover for year	£130,695,000
F	Total of income and expenditure (receipts and payments added together)	£239,757,000
G	Net surplus/(deficit) for year	£29,958,000
H	Fixed assets	£1,113,087,006
I	Current assets	£118,331,000
J	Total assets (equal to amount in row O, below)	£1,231,418,006

K	Current liabilities	£80,385,000
L	Share capital	£6
M	Long-term liabilities	£850,057,000
N	Reserves	£300,976,000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	£1,231,418,006

All societies (excluding clubs) must complete boxes P-T

P	Investments in other registered societies	NIL
Q	Loans from members	NIL
R	Loans from Employees' Superannuation Schemes	NIL
S	Dividends on sales	NIL
T	Share interest	NIL

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

VIRIDIAN COMMERCIAL ENTERPRISES LTD
VIRIDIAN DEVELOPMENT SERVICES LTD
VIRIDIAN PROPERTY INVESTMENTS LTD
VIRIDIAN FACILITIES MANAGEMENT LTD
MIDDLESEX FIRST LTD
VIRIDIAN HOMES FOR ALL LTD
VIRIDIAN HOMES LTD
VIRIDIAN DEVELOPMENT HOMES LTD

2.3Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

3 The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▸ Continue to section 4
- ☐ Accountant's report ▸ Complete questions 3.2 and 3.3
- ☐ Lay audit ▸ Complete questions 3.2 and 3.3
- ☐ Unaudited ▸ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

4 Accounts and signature

Accounts

4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

21 / 09 / 2016

4.2 Has your society produced accounts to the minimum standard required?

☒ Yes ▸ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▸ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	KERRY TROMANHAUSER
Signature	
Phone number	020 3202 3744
Email	kerry.tromanhauser@viridianhousing.org.uk
Date	06/10/16

Viridian Housing

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY: 12752R

ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016

CONTENTS

BOARD, EXECUTIVE DIRECTORS AND ADVISORS

Board:
H Llewelyn-Davies (Chair)
C Cheshire (resigned 31/12/15)
M J Lavers (resigned 23/9/15)
R Morton
J Cox
F Barras
S Herelle
P Roscrow
H Cresswell (appointed 18/5/16)
D Lingeman (appointed 18/5/16)

Executive Directors:
N Apetroaie (appointed permanent Chief Executive 15/10/15)
M Campion
I Bacon
K Tromanhauser
N Ackcral
C Miller

Company Secretary:
K Tromanhauser

Principal Solicitors:
Devonshires

Bankers:
Lloyds Bank PLC

Registered Office:
Colwell House
376 Clapham Road
LONDON SW9 9AR

Registrations:
Co-operative and Community Benefit Society: 12752R
Homes and Communities Agency: LH0172

Auditors:
RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Marlborough House
Victoria Road South
Chelmsford CM1 1LN

REPORT OF THE BOARD

Group structure:

Viridian Housing is the parent undertaking of a number of subsidiary operating companies. More details of the Group members are disclosed in Note 1 to the Financial Statements.

The Group parent and subsidiary companies are as follows:

Company	Activity
Viridian Housing:	The Group parent; the main operating and asset owning company providing strategic direction and ultimate control of its subsidiaries. Viridian Housing has charitable objectives and is registered with the Homes and Communities Agency as a registered provider of social housing.
Middlesex First Limited:	The company administers and manages student accommodation for the University of Middlesex.
Viridian Development Services Limited:	The company develops residential property and commercial property.
Viridian Facilities Management Limited:	The company ceased trading on 30 June 2011. Activity was transferred to Viridian Housing from 1 July 2011. The company is now dormant.
Viridian Property Investments Limited:	The company owned Viridian Housing's previous office in Hammersmith. The building was sold late in 2012. The company is now dormant.
Viridian Commercial Enterprises Limited:	The company provided short-term accommodation on a commercial basis. The company is now dormant.
Viridian Homes For All Limited	The company has not traded since incorporation and is therefore dormant.
Viridian Homes Limited	The company has not traded since incorporation and is therefore dormant.
Viridian Development Homes Limited	The company has not traded since incorporation and is therefore dormant.

OPERATING AND FINANCIAL REVIEW

Foreword:

Viridian has had another very successful year. Our focus during 2015/16 has been on improving Viridian's performance as a financially strong, well performing independent organisation. We remain committed to delivering further improvements to our services, and developing more homes for our residents.

These accounts contain the results for 2015/16 for Viridian. With an operating surplus of £37.6 million and a surplus after tax of £29.8 million, we have achieved an operating margin of 27% and a net margin of 22%. In spite of the challenging operating environment, these results are once again substantially better than budget.

We ended the year with our lowest ever end of year figure for General Needs arrears of 3.67%, reflecting our efforts to maintain our income management performance against the backdrop of Welfare Reform. Our targeted investment in the delivery structure within the property team delivered much improved performance, with our customer satisfaction rate for repairs at 91%. We invested £48.2 million in housing properties and completed 307 new homes during 2015/16. We also secured £100 million of government backed funding at very low rates of interest. This is equal to the maximum amount previously granted to other housing associations, and will fund our future development plans. We invested in cavity wall insulation works, which improved the SAP rating to our minimum standard of 69 for 215 of our homes, reducing the number of our residents in fuel poverty. We also regained our G1 rating for governance from the Homes and Communities Agency (HCA) in July 2015, and our V1/G1 status, (the highest possible), was re-confirmed in January 2016. These are tremendous results, which we are very proud of, and reflect our focus on business as usual, following the decision not to proceed with the partnership with asra Housing Group.

We have also looked to the future and have developed our new Corporate Strategy for 2016/19, which we launched in January 2016. The Corporate Strategy identifies six priorities set out in three strands to ensure that Viridian is a high performing housing provider that makes a significant contribution to the affordable housing sector. Viridian will continue to deliver stretching value for money targets, including the achievement of a 28% operating margin and are on track to achieve it. We will also complete 1,200 new homes, with another 700 under construction by 2019. However Viridian and the sector face unprecedented challenge. The 1% reduction in social housing rent for four years from 1 April 2016, which was announced in the Government's Budget Statement in July 2015, will mean the loss of £29 million of previously predicted rental income over the four years for Viridian. There is an imperative to deliver more for less, and to continue to focus on value for money. There will be further implications from Welfare Reform, with the benefit cap and the roll out of Universal Credit expected to make it increasingly difficult for a number of our residents to pay their rent.

In October 2015 we agreed to enter into discussions with AmicusHorizon, a Registered Provider that owns and manages over 27,000 homes, and provides associated services in London, Kent and Sussex. A key driver for the partnership is to provide significant efficiency savings through economies of scale and transformation. This will also help build greater financial capacity that will allow the new organisation to provide more homes and a greater range of services, whilst remaining committed to our core social purpose and delivering improved customer service to our residents. The new combined organisation will be able to take advantage of its increased influence, with the Greater London Authority (GLA), other local authorities, and within the sector and with government. In April 2016 the Viridian and AmicusHorizon Boards agreed to progress further in their discussions, and if everything goes to plan it is anticipated that the partnership will be formed early in 2017. We will keep our residents and other stakeholders informed as talks progress.

In June 2016 the UK voted in a referendum to leave the European Union. Viridian, like many organisations, is now assessing the potential risks and opportunities this poses to our operations and our Long Term Financial Plan. The Board were given a briefing in May 2016 on the potential impact of Brexit and various scenarios around changes in interest rates, sales assumptions and other variables which were modelled. The scenarios modelled showed that no loan covenants would be breached. This monitoring work will be ongoing given current levels of uncertainty and volatility in the political and economic environment we are operating in.

OPERATING AND FINANCIAL REVIEW

Operations review:

Housing management:
The biggest strategic and operational challenge in 2015/16 continued to be Welfare Reform. The roll out of Universal Credit will impact on the ability of some of our residents to pay their rent, although the actual roll out of this has been slower than expected. The benefit cap affects a smaller number of our residents but has had an immediate impact. We have worked with customers to help them find the most appropriate solution for them, individually. Our income management performance continued to be effective, and arrears performance remains strong with our lowest ever end of year figure for the financial year achieved of 3.67% for General Needs. We have kept our focus on income management and arrears collection, establishing a payment culture amongst our residents. We have also improved our profiling of customer payment patterns which better enables us to predict and manage arrears performance.

The Customer Service Centre achieved year to date satisfaction of 80% which is a 4% improvement on last year's performance. Recruitment and retention proved to be a barrier to increasing service levels further within the Customer Service Centre, as many experienced Customer Service Advisors moved into other roles within Viridian.

In 2013/14 our call centre received 150,000 calls, by 2015/16 the volume of calls had reduced to 118,000, a reduction of 32,000 calls or 21%. The reduction in the volume of calls is a result of customers using alternative access channels, such as email. We have also increased our 'first time fix' rate from 76% in 2014/15 to 84% in 2015/16. Increases in first time fix rates reduce the number of avoidable contacts created by customers having to contact us to chase an issue or to make a complaint.

We have continued with the project to review Estate Services Standards, which will deliver more consistent services to our residents, and improved value for money.

In 2015/16 our Tenancy Fraud Team secured the possession of 49 properties, including properties which had been illegally sublet. This is the largest number that we have recovered in any single year to date. If we had to build that number of properties it would cost us in the region of £7 million. Also, and most importantly, the properties were relet to those who have a need for social housing and 147 people have been rehoused. We continue to receive payments in respect of unlawful profits orders and costs that we have been awarded in relation to illegally sublet properties.

Commercial operations:
2015/16 was another very successful year for Commercial Operations delivering a higher surplus than budget. We saw high occupancy levels at our key worker schemes, student housing and hostels, all of which improved on the good performance of the previous year. Our Wood Green hall was closed over the summer to enable us to complete the reinvestment works which could not be completed with residents in situ. This was the first planned summer closure of a two year programme, with the hall also being closed for the summer of 2016.

Regular monthly meetings have been set up with the NHS Trust for the Chertsey keyworker site to progress the plans for the development of 158 new bed spaces, a new office and the refurbishment of 366 existing bed spaces, and the extension of the lease term. We are in discussion with a number of our other NHS & University partners to increase our supply of accommodation.

Retirement housing:
Our retirement housing services continue to provide good quality accommodation and support for older people. In response to the wishes of our customers we have continued to provide scheme manager services, with locally based staff at each of our retirement schemes.

Services continue to perform well and our rent arrears remain at a very low level. Occupancy rates have reduced slightly, mainly in schemes in the Midlands which have a large number of studio flats which are harder to let.

Our retirement housing portfolio continued to expand with Bentham House, a scheme of 165 one and two bedroom apartments at Royal Arsenal in Woolwich, and the last block of Parkside in Cheam opening during the year. We also opened Ensham House, an extra care scheme of 45 apartments, located in Tooting.

Care:
Although our strategic aim continues to be to exit from the care PFI contract we have been unable to progress this during 2015/16. The contract price will be benchmarked in the coming year and we will revisit our exit plans once this work has been completed.

Supported housing:
In 2015/16 we completed our exit from the supported housing market. This had been a strategic aim of the business driven by the worsening economic market for supported housing services and our desire to simplify Viridian's business further. The exit from supported housing is the culmination of a two year long project. As a part of this exit Viridian's Board recognised that our Deaf/mental health services and our Asian Women's domestic violence refuges were such specialised services that they wished to ensure their continued operation rather than allowing them to close. The Deaf/mental health services were transferred to Action on Hearing Loss and the Asian Women's refuges were transferred to Housing for Women and Hestia.

OPERATING AND FINANCIAL REVIEW

Operations review

Social impact:
Much of our social impact work in 2015/16 focused on financial inclusion and responding to Welfare Reform. Our Financial Inclusion Team worked with over 2,000 customers, providing advice on a range of financial issues including access to benefits and financial services, to enable over £6.5 million of additional income for those residents (measured on an annualised basis). The average reduction in rent arrears of customers supported by the Financial Inclusion Team was 38%. We completed affordability assessments with 708 new customers which led to 429 being referred to our Early Tenancy Support Service. This service was developed as we found that tenancy breakdown and evictions are most likely to occur within the first two years of a tenancy. Where our affordability assessment suggests a financial vulnerability for our customers, the Early Tenancy Support service will work with them to ensure that their tenancy is managed in a sustainable way.

Our employment and volunteering services saw 191 customers register with our services, of which 63 took up an employability programme. During the year we supported 26 customers into paid or self employment. 408 individuals were active on our volunteering programme, of which 312 were Viridian customers, the remaining 96 being members of the local community. During the year we established two hubs which enable customers to access our services in the community. 212 customers accessed 306 services or advice/information items through these hubs.

Property:
Viridian Housing has an in-house property services and repairs team, with the vast majority of our responsive repairs delivered by our own staff. During the year we carried out 35,223 responsive repair requests with 99.8% of emergency jobs and 96.8% of routine repairs delivered on time at an average cost per property of £451. Our first time fix rate for repairs was 94.4% and our average time to repair was 11.1 days. Our customer satisfaction rate for repairs was 91%, which was ahead of our target of 88%. There has been a significant improvement in maintenance performance throughout the year, due to the Board's decision to invest in our delivery structure in return for improved performance. Targets were set for maintenance satisfaction of 88% and average cost of £462 per property, both of which were exceeded. The overall culture and staff motivation within the Maintenance team has also improved significantly. We serviced 7,790 gas boilers, achieving 99.9% compliance on servicing, and replaced 441 with high efficiency condensing boilers. Our audit compliance on major gas safety issues was 99.0%.

We invested £14.0 million including overhead costs *(2014/15: £10.2million)* in planned works, of which £7.4 million *(2014/15: £6.3 million)* was capitalised, in accordance with our stock condition survey. We carried out works to 666 *(664 in 2014/15)* void properties with the average turnaround (works) of 10.6 days *(11.9 days in 2014/15)*. Operational changes to the lettings process have resulted in continuing improvements to turn around times since October 2015. The average spend of £1,933 *(£1,892 in 2014/15)* per unit was below our target of £2,100.

The planned maintenance programme included the replacement of a total of 1,545 components, including: 454 kitchens, 702 bathrooms and wet rooms, 22 electrical rewires, and 283 homes received new windows. The original target for components for 2015 was 1,391 so we were able to deliver an additional 154 components for £214,000 (budget cost £370,000).

Satisfaction with the component replacement work was 99% overall *(98% in 2014/15)* for the year, with 100% achieved for individual months on 6 occasions and 99% for three individual months.

In terms of compliance, we invested £515,000 in completing asbestos surveys and works. We completed 1,648 asbestos surveys, which highlighted 56 cases where we had to carry out remediation work. During the course of the year a further £217,000 was invested in fire risk assessment works across 195 properties. As at 31 March 2016, 99.8% of our homes were compliant in terms of gas certificates.

4,700 stock condition surveys were completed during the year, compared with our target of 2,100 (20%) to reduce the number of surveys that are over five years old. Our shared ownership and commercial sites have separate five year stock condition survey programmes.

The Progressive Asset Management (PAM) Access database is now live. PAM will enable us to more pro actively manage performance of our assets and inform strategy to deal with those assets delivering a poor return against investment.

We have completed cavity wall insulation works to 251 homes in the Midlands in 2015/16, 215 of these homes now meet Viridian's 2025 target of a minimum SAP rating of 69 (energy band C).

Delays due to protracted discussions with a local authority meant that expected income of £2 million from the sale of existing properties was not achieved by 31st March 2016. These sales are now proceeding and expected income will now be received in 2016/17.

OPERATING AND FINANCIAL REVIEW

Operations review

Development:
In terms of development, we invested £47.7 million (*2014/15: £42.6 million*) and completed 307 (*2014/15: 298*) new homes during 2015/16. Our active development programme as at 31 March 2016 was 540 units, with total scheme costs of just under £125 million. We expect to start construction of over 450 new homes in 2016/17.

We sold 57 Shared Ownership homes and 12 Outright Sales homes generating £13.9 million (*2014/15: £7.7 million*) of sales receipts and we expect to sell 109 homes in 2016/17, which will generate a further £19.5 million of receipts. We also achieved 70 staircasing completions generating a surplus of £2.9 million, and 56 resales.

Overall 97% of customers were satisfied with their new home against a minimum target of 95%.

We are on track to deliver our target of 540 homes under the Mayor's Housing Covenant 2015-18 programme with the Greater London Authority (GLA), with 127 homes already completed, 284 homes currently on site, and more in the pipeline due to start on site soon. We are also on track to deliver our targets for the Building the Pipeline and Care & Support programmes with the GLA.

We won the National Housing Award for Best Design at our Shared Ownership Kidbrooke Village (SOKV) scheme in Royal Borough of Greenwich and were highly commended runners up in the Best Small Development category at the First Time Buyer Readers' Choice Awards for our development at Queens Walk in Ealing.

We met all of our compliance requirements both through the annual GLA audit of Development schemes and an internal audit of our Development processes by Mazars receiving substantial assurance. This was an excellent result and maintains our partner status with the GLA.

We introduced a new defects process during the financial year to improve our customer service and reporting. As a result of this we have established that we average less than 1 defect per unit, which provides assurance that we are building quality homes. We also ran an after sales pilot to improve customer service from initial sale through the defects period. This proved to be very successful with our customers and we are looking to roll this out on future schemes through 2016/17.

Environmental matters:
Looking at Viridian's housing stock, with regards to energy performance there are several indicators; the average energy rating using the Standard Assessment Procedure (SAP) is currently 70, an increase from 66 in 2015 (this improvement mainly came from cavity wall insulation works), while our lowest 10% of stock averages at 52. These averages are comparable to most other housing associations. We have had the retrofit implementation plan and the environmental implementation plan approved by the Executive Team. We have also gone through a SHIFT assessment (sustainability audit) for the whole organisation, which have been concluded in August 2016 and the results will be announced during October 2016. The retrofit implementation plan is addressing our worst performing properties with regards to energy efficiency, and will help our residents avoid fuel poverty. A contract for external wall insulation is currently going through the procurement process.

A total of 422 domestic boiler installations were carried out in the year. The majority were planned upgrades targeting open flue, 15 year plus and low efficiency boilers, replacing them with much more efficient condensing boilers.

The Energy Advice Service has been extended to geographically cover the Midlands and West Sussex, as well as London, and the team carried out 225 energy advice visits to Viridian customers over 2015/16. On average saving £130 per visit, helping customers save £29,250 last year.

Equality, Diversity and Inclusion (EDI):
Viridian continues to demonstrate our commitment to equality, diversity and inclusion (EDI) and believes that these are integral to living our values.

We aim to be a welcoming, inclusive, diverse and forward thinking organisation that is regarded as an employer of first choice in the Housing Sector. This ethos is also reflected in our Corporate Strategy and values.

In 2015-16 we improved our Stonewall Workplace Equality Index (WEI) 2016, moving up the rankings by 80 places from 368 last year to 288 this year. In addition we engaged in numerous initiatives reflecting the Equality Act protected characteristics such as our Apprenticeship Scheme and the digital inclusion project linked to age equality, our domestic abuse campaign and the work of the renowned Shanti, which relate to gender equality in our service provision. We also promoted various events including LGBT History Month, International Women's Day, Mental Health Week, tackling Hate Crime, Black History Month, Holocaust Memorial Day, Diwali, Vaisakhi, Remembrance Sunday, International Day of Persons with Disabilities, World AIDS Day, Deaf Awareness Week, St David's, St Patrick's and St George's Days, Ramadan and Eid, Easter, Chinese New Year, Cancer and Autism awareness and International Men's Day.

OPERATING AND FINANCIAL REVIEW

Operations review

Equality, Diversity and Inclusion (EDI) (continued):

Viridian is committed to embedding EDI throughout all its business and stakeholder functions and will seek to do this by:

- Communicating its commitment to EDI to all Viridian internal and external stakeholders;
- Communicating where responsibility lies for EDI issues;
- Providing training for decision-makers and briefings for staff, contractors and other key stakeholders;
- Establishing mechanisms for implementation, monitoring, evaluation and review;
- Taking Positive Action to redress any under-representation of relevant groups;
- Promptly address acts of harassment and discrimination;
- Consulting and engaging with customers, service users, staff and other key stakeholders.

Value for money:
Viridian has continued to focus on improving our financial position, and we have implemented many changes over the years in the ways that we work in order to do this, e.g. carrying out a formal quarterly forecast and adopting a risk-based approach to our reporting.

We believe that value for money is more than just how much we spend. It is about where and how we spend our money, and what we get back in return. It is also about ensuring that we can provide the highest possible standards of service to our customers, whilst making sure that we are open and transparent in everything that we do. During the year we have further improved our procurement processes, and the Procurement team has engaged more effectively with budget holders through the implementation of an improved category management methodology.

The year to 31 March 2016 has been another financially strong year for Viridian. We ended the year with a group operating surplus of £37.6 million (27% operating margin) and a net surplus after interest and asset sales of £29.8 million (22% net margin). We feel that our value for money focus can be seen by the growth in our operating surplus per unit, and the improvements in the services we have delivered to our residents.

Over the last 2 years, our operating surplus per unit has increased by £277 (13%), from £2,075 in 2014/15 to £2,353 in 2015/16. These surpluses are a result of tight financial management and controls, a proactive approach to risk management, and a constant focus on value for money to ensure that the quality of our service is not adversely affected as a result of spending less in some areas. We are an exempt charity and every penny of our surplus is reinvested into the business to improve services to our residents, reinvest in our stock or build new housing for people in need.

Proposed Partnership with AmicusHorizon:
In October 2015, Viridian agreed to enter into discussions with AmicusHorizon, a Registered Provider that owns and manages over 27,000 homes, and provides associated services in London, Kent and Sussex. A key driver for the partnership is to provide significant efficiency savings through economies of scale and transformation. This will also help build greater financial capacity that will allow the new organisation to provide more homes and a greater range of services whilst remaining committed to our core social purpose.

While discussions with AmicusHorizon are ongoing, the Board is clear that Viridian must continue to build and develop its business and continue to track savings as defined in the Long Term Financial Plan, in the unlikely event that the partnership does not proceed. A key step in this was the development of Viridian's new 2016-19 Corporate Strategy. This strategy recognises that the next three years will present significant challenges for the social housing sector as the impact of the economic changes and government policies are felt. Successful housing providers will have to be professional and agile, underpinned by the ability to demonstrate value for money. This describes Viridian's vision to be an excellent organisation by 2019. It provides a clear view of the challenges, drivers, goals and priorities we must face to meet the needs of our residents, stakeholders and colleagues. The strategy identifies six priorities set out in three strands to ensure Viridian is a high performing housing provider that makes a significant contribution to the affordable housing sector. Key goals within this strategy rely on stretching value for money targets including achieving a 28% operating margin and completing 1,200 new-build homes with another 700 in construction by 2019. We are developing our new Value for Money framework to support these strategic objectives.

Should the partnership with AmicusHorizon not proceed, Viridian will continue to develop a transformation programme, and is currently undertaking a detailed process mapping review that will provide the ability to focus on the areas where best results can be achieved – be it through changes in Viridian's processes or by integrating with a partner. Viridian recognises that with continuing consolidation within the social housing sector, it will need to consider other merger opportunities against clear criteria agreed by the Board. In addition, we will continue to build on work undertaken in the past year to have better transparency around the cost of our services and the return made on both assets and business streams. This will inform how we make future investment in both our social and commercial activities, whilst allowing us to enhance our planning and mitigate risks.

How we ensure we deliver Value for Money:
The Viridian Board has ultimate ownership of Value for Money in the business. We are currently in the process of developing a new Value for Money Framework to reflect Viridian's new 2016-19 Corporate Strategy and assessing our half-year performance against our published Value for Money Statement. Each year the Board oversees and approves the budget setting process. Reporting to the Board are four committees each giving different reassurance in terms of spend and Value for Money. The detailed remit of these committees is explained in the section on the Group's system of internal control on pages 23 – 24.

OPERATING AND FINANCIAL REVIEW

Operations review

Value for money (continued):

Resident engagement:
Viridian's Resident Scrutiny Board works with the Resident Auditors to carry out reviews of the service areas they select, with Value for Money being a key consideration in the process. The results of the service reviews are reported to Viridian's Operating Board, a group of senior staff and residents which reviews operational issues affecting the organisation (with a particular focus on Key Performance Indicators (KPIs)), to ensure that recommendations for improvement are agreed and actioned.

Viridian recognises the huge impact residents can have on influencing and improving services, and supporting residents to become involved in a range of ways is crucial to the success of resident engagement. During 2015/16, the Resident Scrutiny Board made a number of recommendations linked to Value for Money, examples being improved use of Contact Manager across the business to reduce the number of repeat calls, carrying out basic decorations or offering decoration vouchers for hard to let properties to improve re-let times, and increased use of social media to update residents on Universal Credit, thereby reducing printing and postage costs.

Following a review of how Viridian involves residents, a centralised team was created in April 2016 to sit within the Social Impact directorate. This team is responsible for co-ordinating the different engagement mechanisms, including co-ordinating the work of the Resident Scrutiny Board, establishing an online Resident Panel and ensuring that feedback from local engagement is considered and used to make service improvements.

Complaints:
Viridian operates a two-stage complaint resolution process, developed in direct response to feedback from residents who found the previous process over-complicated and unwieldy. Viridian's approach to complaints management has been commended by the Housing Ombudsman, with a number of visits from other Registered Providers to learn from our approach.

The number of complaints received during the year has fallen by 4% compared to 2014/15 at 395, with the Customer Solutions Team resolving 97% at the first stage of the process. Once again, Viridian has exceeded its internal targets for satisfaction, with 98.6% of service users being satisfied with the complaints process and 93.5% with the outcome.

In October 2015, a review of how complaints were managed led to the creation of the Customer Solutions Team, offering dedicated support to service users and seeing complaints through to satisfactory resolution. Realigning responsibilities led to a reduction in one full-time officer post, bringing an annual saving of over £30,000 without impacting on customer satisfaction and providing an additional resource to support resident involvement.

Corporate Key Performance Indicators:
To support the new 2016-19 Corporate Strategy, we have developed a new suite of Key Performance Indicators, including a brand new approach to customer satisfaction monitoring, more measures around void performance and social impact. These are designed using balanced scorecard principles and are compliant with HouseMark definitions to allow for more robust comparison with other social housing providers.

We re-joined HouseMark in 2015. Since then we have been using benchmarking information to compare our performance with other similar sized housing providers operating in our region. It has helped Viridian set realistic but challenging performance targets. In 2016 we will be undertaking a full cost benchmarking exercise which will enable us to identify areas where we can further improve value for money.

Staff Commitment to Value for Money:
We introduce new colleagues to Viridian's approach to Value for Money as soon as they join. Our Corporate Induction programme for new starters explains our key Value for Money principles, particularly those contained within our Corporate Strategy. New colleagues sign our Code of Conduct as soon as they join. This sets out how they are expected to demonstrate Value for Money and comply with Viridian's Financial Regulations, budgetary setting procedures and other relevant policies, including the Expenses Policy and the Credit Card Charge Policy.

OPERATING AND FINANCIAL REVIEW

Operations review

Value for money (continued):

Links to strategy:
We launched our new Corporate Strategy for 2016-19 earlier this year. This has six high level priorities which are linked to our customers, our colleagues and our properties. Value for money underpins the Corporate Strategy, with specific targets to achieve sustained ongoing improvements in operating margin by 2019, and to continue to develop new homes. Our talks with AmicusHorizon are aligned with the Corporate Strategy, and the partnership is expected to deliver further efficiency savings to achieve improved value for money.

The six high level priorities in detail are:

1. To ensure that we are recognised by our customers at trustworthy, reliable and innovative;
2. To simplify processes to ensure the organisation works more efficiently and is focused on producing customer satisfaction ratings at a minimum of 90%;
3. To recruit, retain, reward and develop outstanding colleagues who feel motivated to live out our values and deliver organisational priorities;
4. To ensure we maintain good governance and financial strength through robust and transparent controls, so we can continue to meet the needs of our customers;
5. To consistently improve the quality and financial performance of all our homes, with the focus on improving living standards and reducing costs for all our customers;
6. To develop 1,200 new properties from organic growth, by a mix of joint venture and existing channels, and to have a further 700 under construction by 2019 to meet the needs of those who require our homes.

Procurement:
The Category Management approach to Procurement has been implemented during 2015/16, allowing Procurement Business Partners to focus on improved stakeholder engagement and developing subject matter expertise in their categories and sub-categories.

Corporate Procurement proposed an increase to the financial thresholds for projects needing to be fully supported by the procurement team. This allows greater devolvement of spend to project managers in the business in order to focus Procurement resource on aggregating requirements of a similar nature into larger tenders, delivering greater value for money and other benefits (such as social value).

The Procurement team now supports the business in conducting their own procurement exercises for anything valued at £49,999 or less. The Procurement Panel reviews all procurement project proposals with a total contract value of between £50,000 and £499,999 excluding VAT. The terms of reference for the Panel have been embedded and the Panel is chaired by the Head of Procurement.

The New Business & Contracts Panel (NBCP) reviews any planned non-development expenditure of between £500,000 to £1 million. The New Business and Contracts Panel members include the Chief Executive and two Executive Directors. All plans for expenditure are required to fit with Viridian's Corporate Strategy, demonstrate affordability and value for money, and meet quality specifications. All business cases are assessed accordingly. For proposed non-development spend greater than £1 million business cases are considered by the Growth and Investment Committee.

The Corporate Procurement Strategy, including details of how Procurement contribute to Viridian's achievement of value for money, was developed and approved by the Executive Team and the Risk and Audit Committee.

The Procurement team made significant progress during the summer of 2015 to obtain as much contract information as possible from across the business; this informed the automatic contracts termination alert, which will enable improved contract management. In addition a Contracts Management Guide has been developed, approved by the Executive Team and rolled out across the business in manager training sessions.

OPERATING AND FINANCIAL REVIEW

Operations review

Value for money (continued):

Procurement (continued):
The Procurement savings target set for 2015/16 of £500,000 in year savings has been exceeded; at the end of the financial year savings of £515,000 have been achieved. Recurrent savings for 2016/17 and 2017/18 have also been identified, which achieve the original savings targets, and therefore stretch targets have been proposed to the Board. The savings and targets are captured by year, within the tables below:

Schedules of procurement savings, excluding inflation

Savings achieved	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	£000	**£000**	**£000**	**£000**	**£000**
2015/16 Initiatives:					
Revenue – utilities	185	185	-	-	-
Revenue other	208	324	(7)	-	-
Total revenue 2015/16 initiatives	**393**	**509**	**(7)**	**-**	**-**
New opportunities:					
Construction	-	327	327	-	-
Operational services	-	90	90	-	-
People/professional	-	63	63	-	-
Total revenue new opportunities	**-**	**480**	**480**	**-**	**-**
Total revenue savings	**393**	**989**	**473**	**-**	**-**
Other capital savings	122	-	-	-	-
Total achieved	**515**	**-**	**-**	**-**	**-**

Recurrent and newly identified savings	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	£000	**£000**	**£000**	**£000**	**£000**
2015/16 Initiatives:					
Revenue – utilities	185	369	369	369	369
Revenue other	208	533	526	526	526
Total revenue 2015/16 initiatives	**393**	**902**	**895**	**895**	**895**
New opportunities:					
Construction	-	327	654	654	654
Operational services	-	90	180	180	180
People/professional	-	63	125	125	125
Total revenue new opportunities	**-**	**480**	**959**	**959**	**959**
Total revenue savings	**393**	**1,382**	**1,854**	**1,854**	**1,854**
Approved long term financial plan targets					
Revenue – utilities		343	343	343	343
Revenue other		371	371	971	1,636
Total revenue targets		**714**	**714**	**1,314**	**1,979**
Targets in addition to long term financial plan - stretch		**668**	**1,140**	**540**	**(125)**

OPERATING AND FINANCIAL REVIEW

Operations review

Value for money (continued):

Transparency:
As an organisation we want our approach to day-to-day work to be as open as possible. We really feel it is important to be transparent to our customers about how we spend our money. To that end we have created a 'transparency' section on our website, on which we publish details of our expenditure on a monthly basis. Some of the information we publish includes:

- Details of all payments in excess of £500 (we publish expenditure type, supplier name and amount of payment and have been doing so since 2012);
- The total payments to our Board members, Chief Executive and Executive Directors (published annually);
- Our internal structure chart, strategy and regulatory information.

How we manage our resources:

Financial Planning & Management:
Viridian monitors financial performance according to an annual cycle. The key tools and stages of this are:

Long Term Financial Plan
We use a long term financial plan to model and plan our financial position 30 years into the future. We use this valuable financial tool when considering all long term investment decisions; it allows us to respond quickly to changes in our environment and amend our strategy and structure as necessary. We continually monitor and model the impact of Welfare Reform on our income and test the pros and cons of different development strategies. We also model the impact of various alternative scenarios, for example higher than expected interest rates, to stress test our long term financial plan. We update the long term financial plan at the start of the year to take account of new information. This includes the results from the previous financial year, and underlying assumptions are checked and challenged. This allows for effective and efficient treasury decisions.

Budget
We use the agreed plan to provide targets for the annual budget setting process. The budget forms the backbone of expenditure control and income maximisation for the year. It is a collaborative effort, built by all managers across the organisation. It is checked and challenged by our Finance Team and approved by the Executive Team and then Board. We further improved the process for budget setting during 2015/16, which ensured that the budget was in line with the targets set, reducing the number of iterations required to achieve an acceptable budget. In 2016/17 we have set ourselves a target to achieve a 23.5% operating margin, and a net surplus after interest and asset disposals of £27.1 million for the Group.

Management Accounts
Once the budget has been approved, progress is measured through our management accounts. These are prepared by the Finance Team and sent to all Directors and Heads of Service. Performance is reported monthly to the Executive Team and to each Board meeting. In 2015-16, we had set a budget for the Group for the year to achieve a net surplus after tax of £22.6 million, which we exceeded by £7.2 million and ended the year with a net surplus after tax of £29.8 million. This was achieved by cost savings and by higher than budgeted proceeds from the sale of new and existing properties.

Forecasting
We re-forecast our financial position every three months so that we can plan ahead and take action where necessary to achieve our targets for the year. The introduction of a formal quarterly forecast in 2013/14 enabled the organisation to forecast more accurately and allowed greater financial manoeuvrability during the year. Further process improvements were introduced during 2014/15, which improved our ability to forecast the end of year position. This enabled the Executive Team and Board to make robust strategic decisions. During 2015/16 we were able to identify funds through the forecasting process which had become available through outperforming the budget, and we were able to invest £0.5 million in targeted improvements which will benefit our residents at particular schemes. We anticipate implementing further targeted improvements in the future.

Financial Information Team
Our Financial Information Team follows a business partnering approach, which essentially means that it works more efficiently with operational colleagues and is kept well informed of any planned business changes.

We were audited in August 2015 on our budgetary planning and control and were given substantial assurance. The fact that there were just three house-keeping recommendations made, demonstrates the significant improvements which have been made to budgetary controls since the previous audit was completed in 2013.

Return on our assets:
As mentioned previously the Progressive Asset Management (PAM) Access database is now live. This is a live reporting tool which will enable us to improve our active asset management, and identify our poorest performing properties. The results will be reported in our Value for Money self assessment statement, which will be published in September 2016.

OPERATING AND FINANCIAL REVIEW

Operations review

Value for money (continued):

How we manage our resources (continued):

Development Programme:
The Viridian Corporate Strategy sets out our aim to focus on improving the lives of our residents and using our financial strength to do as much good as we can. Building new homes is a fundamental way that we can deliver the Social Impact at the core of our purpose to "change lives".

We want to develop a range of new housing products to meet the needs of our most disadvantaged customers (those who pay social rent or are retired) and customers who will struggle to find good affordable housing (those paying intermediate rent or buying through shared ownership). We will also consider the development of market housing where it facilitates the development of new housing for our core customers. We also want to achieve a minimum of 95% customer satisfaction from our new homes survey, taking into account customers' views to help us continually improve our specification.

Asset and Liabilities Register:
In line with the requirements from the regulator, the Homes and Communities Agency (HCA), we have developed a comprehensive asset and liabilities register for the group. The intention behind the register is that if a registered provider was in distress, the HCA or another potential rescuer would be able to quickly identify a range of important information items, for example what assets the organisation held, what borrowings they were secured against, what liabilities existed and what additional security was available if required. Our register has been presented to the Executive Team, and we have also had it independently reviewed. The most recent review, which was carried out at the end of April, has identified a small number of areas for further improvement which have been identified from examples of best practice from across the sector. We will be implementing the further improvements during 2016/17, but as at 31 March 2016 we had a comprehensive register in place.

Governance and Viability:
Following an annual stability check, in line with the approach set out in "Regulating the Standards", issued in April 2015, the Homes & Communities Agency in their capacity as the Social Housing Regulatory confirmed in January 2016 that Viridian Housing would retain it existing governance (G1) and financial viability (V1) ratings. These are the highest ratings possible.

Viridian Housing is compliant with the Governance and Viability Standard.

Costs and outcomes of delivering services:

Focus on Core Business
As stated previously, in 2015/16 we completed our exit from the supported housing market. We achieved our target of completing the exit by 31 March 2016. This had been a strategic aim of the business driven by the worsening economic market for supported housing services and our desire to simplify Viridian's business further. The exit from supported housing is the culmination of a two year long project.

Property Services:

Component Replacements
We use labour only sub-contractors to deliver this work, and we purchase and provide the materials required and arrange for them to be delivered directly to site. The contractor supplies the labour and carries out the work on a fixed price basis; enabling us to keep a tight control on cost. Delivering the work in this way allows us to produce accurate cost reports split into labour, materials and any sub-contractors so we can target where efficiencies can be made. 57% of the £12.3 million reinvestment spend was delivered through our in-house operation.

Repairs & Maintenance Service
As part of our Target Operating Model project in 2012/13, we benchmarked the costs of our responsive repairs service and found ourselves to be relatively expensive. Property Services received Board approval to invest in resources and change our method of service delivery in order to improve satisfaction to 90% by the end of 2015/16, whilst also reducing our average cost per property to £462. We achieved an average cost of £451 per property in 2015/16 and 91% customer satisfaction. Our challenge in 2016/17 will be to reduce our average cost per property to £434 whilst maintaining the quality and delivery of service. To achieve this focus will continue to be on reducing specialist contractor costs in areas such as drainage, pest control and roofing and achieving VFM savings from materials suppliers.

Value for Money for our customers:
The Energy Advice Service has been extended to geographically cover the Midlands and West Sussex, as well as London. The Advisors carried out 225 energy advice visits to residents during 2015/16, on average saving £130 a visit helping our customers save £29,250 last year.

OPERATING AND FINANCIAL REVIEW

Operations review

Value for money (continued):

Social Housing Cost Per Unit (CPU):
In June 2016 the HCA wrote to Chairs and Chief Executives of registered providers. The letter reinforced the regulator's focus on Value for Money (VFM) and their challenge to providers to demonstrate understanding of their costs, and to use this to further drive efficiency.

The letter included headline Social Housing Cost Per Unit (CPU) data derived from audited 2014/15 accounts. Viridian's CPU was shown as £5,420 which was above upper quartile for the sector. After adjusting for mitigating factors acknowledged by HCA such as Supported Housing, Retirement Housing and Regional Wage inflation along with other factors specific to Viridian (e.g. the inclusion of Ealing PFI and Key Worker costs in Social Housing) the adjusted CPU is £3,940 which is much closer to the sector median score of £3,550.

The 2015/16 draft results indicate an unadjusted CPU of £5,550. Further analysis is ongoing but mitigating factors will be similar to those impacting on the 2014/15 results.

A joint response with AmicusHorizon on the unit costs, mitigating factors and plans for further efficiencies was submitted to HCA in August 2016.

This is just a sample of some of the work we have done in the year which demonstrates our commitment to providing value for money. We published a comprehensive value for money self assessment on our website (**www.viridianhousing.org.uk/us/value-money**) on 30 September 2015 and a new statement will be published by 30 September 2016. The information on our website is not subject to audit and does not form a part of the financial statements.

OPERATING AND FINANCIAL REVIEW

Financial review:

Financial performance was strong this year generating a group surplus of £29.8 million (*2015: £31.4 million*) on a turnover of £138.0 million (*2015: £125.9 million*).

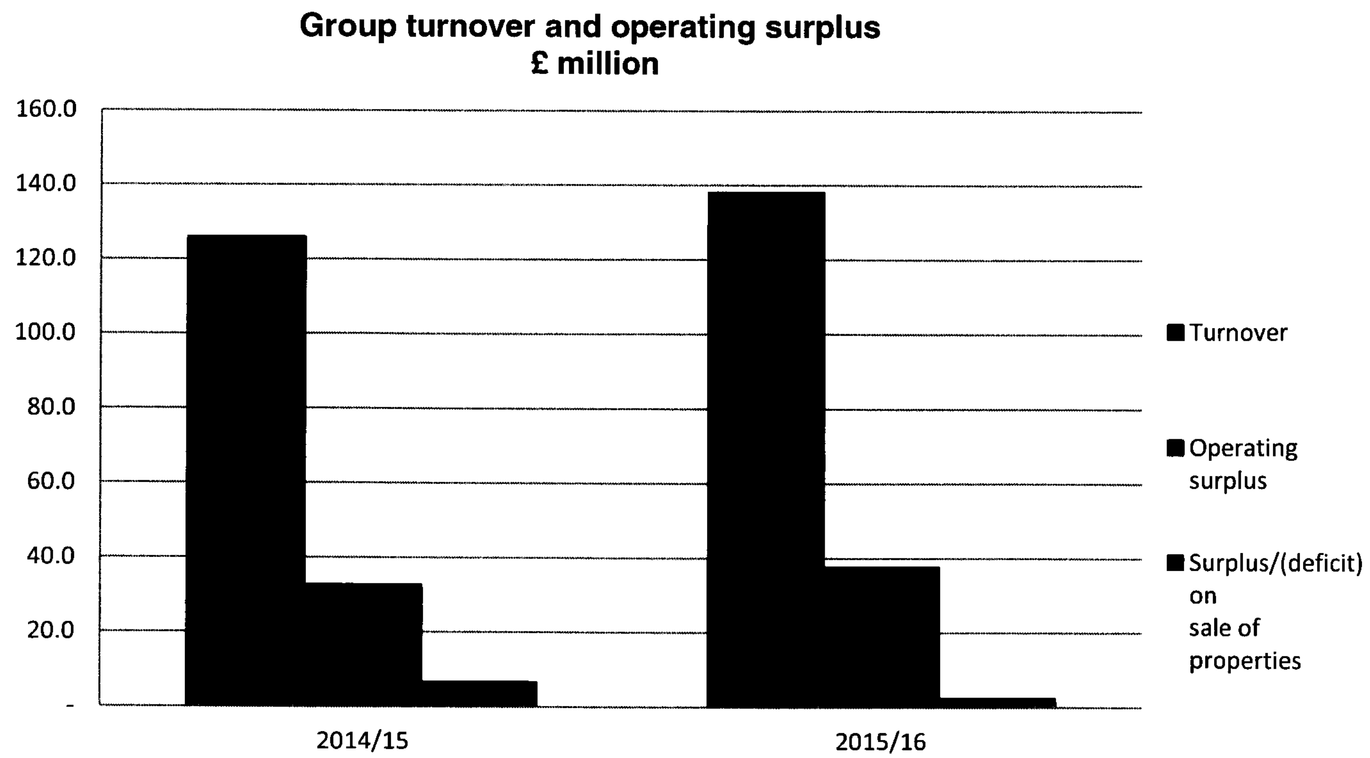
The surplus generated is fully reinvested in furthering Viridian Housing's social and charitable objectives.

Summary financial results:
The table below provides an outline of the Group's results for the last two years:

	2015/16 £ million	2014/15 £ million
Turnover	**138.0**	125.9
Operating surplus	**37.6**	32.6
Operating surplus %age	**27.3%**	25.9%
Interest & similar charges (net)	**11.3**	12.0
Interest as a %age of turnover	**8.2%**	9.6%
Surplus/(deficit) on sale of properties *	**2.4**	6.6
Surplus as a %age of turnover	**1.7%**	5.2%
Surplus for year	**29.8**	31.4
Surplus as a %age of turnover	**21.6%**	24.9%

* Surplus on sale of properties for 2016 includes staircasing sales of £2.9 million (2015: £2.8 million). No other asset disposals occurred during 2016 (2015: £3.8 million). Also included within surplus on sale for properties for 2016 is a £0.5 million deficit on disposal of supported housing stock (note 7. (a)).

Analysis of Group turnover and operating surplus by year:



OPERATING AND FINANCIAL REVIEW

Financial review:

Turnover by activity (Social Housing only):	**2015/16**		*2014/15*	
	£000s	**%**	*£000s*	*%*
General needs housing	79,910	77.0%	*75,658*	*76.2%*
Supporting people contract income	51	0.1%	*944*	*1.0%*
Residential care homes	45	0.0%	*11*	*0.0%*
Key worker accommodation	7,167	6.9%	*6,841*	*6.9%*
Ealing care homes	9,646	9.3%	*9,278*	*9.3%*
Temporary housing	333	0.3%	*307*	*0.3%*
Shared ownership	4,157	4.0%	*3,910*	*4.0%*
Other	2,472	2.4%	*2,287*	*2.3%*
Total	**103,781**	**100.0%**	***99,236***	***100.0%***

Expenditure by activity (Social Housing only):	**2015/16**		*2014/15*	
	£000s	**%**	*£000s*	*%*
General needs housing	53,194	70.8%	48,560	*67.7%*
Supporting people contract income	1,232	1.7%	1,315	*1.8%*
Residential care homes	78	0.1%	381	*0.5%*
Key worker accommodation	3,543	4.7%	5,601	*7.8%*
Ealing care homes	11,787	15.7%	10,804	*15.1%*
Temporary housing	552	0.7%	602	*0.8%*
Shared ownership	2,201	2.9%	1,847	*2.6%*
Other	2,564	3.4%	2,630	*3.7%*
Total	**75,151**	**100.0%**	**71,740**	***100.0%***

Operating surplus/(deficit) (Social Housing only):	**2015/16**		*2014/15*	
	£000s	**%**	*£000s*	*%*
General needs housing	26,716	93.3%	27,098	*98.5%*
Supporting people contract income	(1,181)	(4.1%)	(371)	*(1.3%)*
Residential care homes	(33)	(0.1%)	(370)	*(1.3%)*
Key worker accommodation	3,624	12.7%	1,240	*4.5%*
Ealing care homes *	(2 ,141)	(7.5%)	(1,526)	*(5.6%)*
Temporary housing	(219)	(0.8%)	(295)	*(1.1%)*
Shared ownership	1,956	6.8%	2,063	*7.5%*
Other	(92)	(0.3%)	(343)	*(1.2%)*
Total	**28,630**	**100.0%**	**27,496**	***100.0%***

Other social activities turnover was £16.9 million *(2015: £12.2 million)* generating an operating surplus of £4.9 million *(2015: £3.2 million).*

Non social housing turnover was £17.4 million *(2015: £14.5 million)* generating an operating surplus of £4.1 million *(2015: £1.9 million).*

* Sub contract with Ealing PFI, which will be benchmarked in the coming year.

OPERATING AND FINANCIAL REVIEW

Financial review:

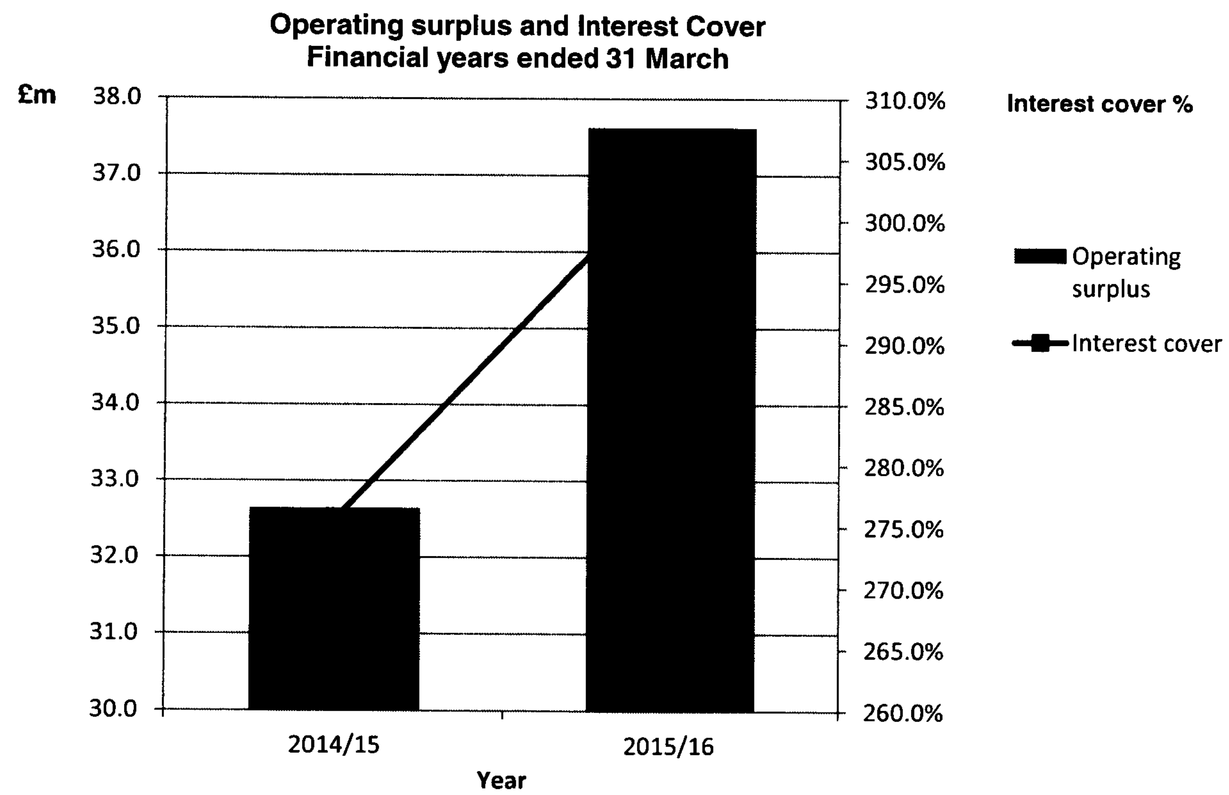
Balance sheet:

The table below summarises the Group's balance sheet for the last two years:

As at 31 March	**2016**	*2015*
	£ million	*£ million*
Tangible fixed assets net of depreciation	**1,039**	*1,009*
Other fixed assets	**12**	*13*
Investment properties	**79**	*78*
Net current assets	**41**	*30*
Total assets less current liabilities	**1,171**	*1,130*
Creditors due in over one year	**463**	*456*
Capital grant	**389**	*391*
Pension deficit provision	**11**	*8*
Provisions	**1**	*1*
Reserves	**307**	*274*
	1,171	*1,130*

The Group's balance sheet is very stable.

Operating surplus and interest cover:



OPERATING AND FINANCIAL REVIEW

Financial review:

Capital structure and treasury policy:
The Group has established a Treasury Committee which reports directly to the Board. The Group's Treasury Management Policy and Strategy are reviewed annually by the Treasury Committee before they are recommended to the Board for approval. All treasury activities, including the management of Viridian capital, loan compliance and intra-group loans, are monitored by this Committee. The Group is largely funded by loans from third parties. The Viridian capital includes (i) called up share capital, (ii) income and expenditure reserve and (iii) restricted reserves. The objectives for managing the capital are therefore set by the Treasury Management Policy which includes KPIs to measure performance.

Financing:
At 31 March 2016, the Group had total credit facilities of £580.7 million (*2015: £483.3 million*) of which £442.6 million had been drawn down. A revaluation of certain loans arising from historic acquisitions and the premium on the bond issued during the year lifts the reported debt to £442.6 million as shown below. Of the available credit facilities £136.5 million remains undrawn, including a £2.0 million overdraft. The Group's funding sources are 18% from Capital Markets and 82% from Banks. The available credit facilities included a £50 million bond which was securitised and drawn during June 2016, as well as a £50 million loan which is in the process of being securitised; following which it will be available for drawing.

Loan structure:
The maturity dates of loan facilities are arranged to ensure large proportions of debt do not mature during the same year. The table below presents the loan repayment profile:

Loan repayment profile	31 March 2016 £ million	*31 March 2015 £ million*
Due within 1 year	46.1	*2.7*
Due between 1 & 2 years	10.3	*46.1*
Due between 2 & 5 years	41.0	*40.0*
Due after more than 5 years	345.2	*300.5*
	442.6	***389.3***

Interest rate risk management:
Group exposure to fluctuations in interest rates is managed through the Treasury Management Policy. The Group's current strategy to mitigate the risk of interest rate movements is to use a combination of stand-alone and embedded instruments to hedge against adverse movement in interest rates. As at 31 March 2016, 29% of the Group's net debt was fixed and a further 45% of the Group's net debt had been hedged using financial derivatives with various counterparties over periods ranging up to twenty seven years.

Viridian holds certain financial instruments that tie the interest charge payable to the rate of inflation. At the start of the year it was the policy of the UK Government for the rental increases on certain of our assets to be tied to the rate of inflation and consequently those financial instruments were a useful inflation hedge. However the July 2015 change of policy by the UK Government now requires that changes to the rent on those same properties is no longer related to inflation and consequently the value of the financial instruments as interest rate hedges is lost. As a consequence Viridian has invested £5.6 million to cancel certain of these swaps.

Some of the interest rate swaps are embedded into the underlying loan while others are subject to independent ISDA agreements with the banks. Where a swap is subject to an ISDA agreement the bank can, under certain circumstances, demand collateral from Viridian to act as security. This collateral can be provided as cash or as property. At the end of the financial year to 31 March 2016 we had pledged cash of £1.7 million to a bank under an ISDA agreement and all other collateral was in the form of property. The cash has now been returned to us and we are arranging further property collateral to avoid a reoccurrence. Swaps that are embedded into a loan are not subject to collateral demands.

The net effective interest rate on all our borrowings at 31 March 2016 was 3.4% *(2015 3.5%).*

Liquidity:
The Group has sufficient facilities available to meet committed expenditure beyond March 2017. At 31 March 2016, the Group held cash and short term investments of £21.5 million, there was an unutilised overdraft facility of £2 million, further undrawn secured credit facilities of £86.5 million and recently arranged credit facilities which will give additional liquidity of £100.1 million when security has been arranged. The Group has more than adequate assets to secure these loans.

Cash flow:
The consolidated cash flow statement is presented on page 29. The Group achieved a net cash inflow from operating activities of £39.7 million (*2015: £36.4 million).*

Interest paid was £12.8 million (*2015: £13.7 million).*

Group debt increased by £43.7 million *(2015: £15.9 million).*

OPERATING AND FINANCIAL REVIEW

Financial review:

Key financial and operational performance ratios:

	2015/16 Actual	2014/15 Actual
Interest cover	**304.2%**	275.7%
Aggregate interest rate	**3.4%**	3.5%
Gearing - lenders' covenant method	**39.7%**	35.6%
Units in ownership	**15,481**	15,220
Current tenant arrears - general needs	**4.2%**	4.2%
Void rent loss - general needs	**0.6%**	1.3%
Void rent loss - retirement housing	**1.6%**	1.6%
Relet time in days - general needs (minor voids)	**31**	27.3
Relet time in days - general needs (all voids)	**30**	32.9
Routine repairs completed on target	**97.3%**	93.3%
Emergency repairs completed on target	**100.0%**	98.1%
Homes meeting the decent homes standard	**99.8%**	97.0%
Customers satisfied with the repairs service	**91.0%**	82.0%
Customers satisfied with customer services	**80.0%**	76.0%
Customers satisfied with complaints handling	**98.5%**	91.0%
Antisocial behaviour - weeks to resolution	**10.8**	11

Other key financial and operating ratios were as follows:

Viridian complied with all loan covenants with considerable headroom, all calculations being based on the most testing lenders' covenant method.

Interest rate cover covenants range from 90% to 110% and the Group achieved 304.2% *(2015: 275.7%).*

Gearing covenants range from 55% to 65% and the Group achieved 39.7% *(2015: 35.6%).*

OPERATING AND FINANCIAL REVIEW

Risk management:
The Board is committed to ensuring that the long-term financial health of Viridian Housing and its subsidiaries is maintained through an effective risk management framework. Strategic decisions are taken in the context of the risk exposure arising from new activities and the resources in place to manage this.

The Risk and Audit Committee has delegated authority for detailed strategic monitoring of risk management from the Board. The risk management framework devolves the detailed assessment of operational risks to relevant subject matter experts to ensure accurate appraisal of risks in the context of the operating environment, and a strong linkage for each risk to the Corporate Strategy.

The approach, as defined in the Risk Management Policy and Procedure, has allowed Viridian to promote a culture of risk awareness. This has occurred through increased risk discussions at senior management team meetings which are cascaded down the organisation. Risk is also discussed at team meetings and fed upwards through line managers where felt appropriate. This has continued to create greater opportunities for risk identification and collaboration when considering individual risks. This activity is also supported and overseen through a formal Risk Panel.

The Risk Panel includes representatives from key and high risk areas of the business that collectively scrutinise the corporate risk map, provide challenge when risk scores do not reflect the impact and probability for the risk, or when mitigation controls are not adequately managing the level of risk, or are not implemented as rapidly as required. The level of risk emerging from any fraudulent activity, or identified through internal audit or any other sources is also discussed by the Panel.

The risk map is reviewed by the Risk Panel and the Risk and Audit Committee quarterly. The Board reviews key risks affecting Viridian at each of their meetings.

There is a detailed project specific Risk Map to manage the risks relating to the partnership with AmicusHorizon in recognition of the fundamental impact the Partnership would have on Viridian and its customers. The Project Risk log identifies risks to be reviewed at each monthly Partnership meeting. This is also reported to the Risk and Audit Committee as a separate risk map, as well as linking to the main corporate risk map.

The Governance and Assurance team is responsible for overseeing the maintenance of the risk map, collating quarterly risk updates from risk owners and risk reporting. In addition, they provide links to other risk related activities including internal audit, health & safety management, insurance and business continuity. The risk management framework has continued to evolve to enable continuous improvement. In the past year we have enhanced identification of relevant key performance indicators. They, in turn, provide a measure of risk mitigation completed and proposed by quarter, for relevant risks and/or sources of assurance to ensure effective risk monitoring and mitigation is in place. Further work has also been undertaken to prioritise risk actions. This established which actions enable the greatest risk mitigation, to allow for better concentration of resources. We continue to review how we approach risk management and take best practice from a wider range of sources to inform our risk management improvements, including the introduction of a formal assurance framework. This supports the risk mapping and evaluation process and reinforces the focus on the quality of assurance being provided. Our Risk Framework will be audited in September 2016 as a follow up to the February 2014 Internal Audit, which carried a substantial assurance rating.

In our Operating and Financial Review 2014/15 we reported on improvement actions we proposed to implement in our fire safety approach. We identified that the quality of reporting from a former externally sourced fire risk assessor could not be fully assured. We found 817 exceptions to the reporting that we are now focussing on to conclude as a priority. An enhanced internal audit programme focusing on compliance of our regulated property activity is now embedded. The last review covered gas and electrical certificates and there were no issues noted. Water checks were also covered and it was found that three out of five checks had outstanding issues. Further investigation highlighted that the works had been carried out but the computer system had not been updated accordingly. These were closed off when the compliance report was issued and the process for recording actions is being reviewed.

We commissioned a review of the Health and Safety function against the Health and Safety Executives (HSG65) guidelines to assist us address a number of issues identified and build on improvements already initiated. We want to assure ourselves we are getting the maximum benefits from our current approach to Health and Safety risk management. This review is nearing completion, however key findings are emerging which will assist us to further embed Health and Safety through the organisation by improving processes, data management and reporting.

We have identified appropriate benchmarking so we can monitor our improvements against our peers; and inform our approach to health and safety culture as a key responsibility for all staff. Included in the improvement plans are a full review of our Health and Safety policies so that these can better support all staff to deliver their responsibilities around Health and Safety.

OPERATING AND FINANCIAL REVIEW

Risks and uncertainties:
Viridian has a proactive approach to capturing emerging risks and to mitigate the effect of those risks as much as is practicable. The following table lists the most significant risks together with the controls in place to manage them as at the end of 31 March 2016:

Risk:	Control:
Ability to recruit and retain people. The market for housing staff is competitive and it's difficult to attract, recruit and retain individuals. Loss of knowledge, skills and history adversely impacts on business-as-usual activities across Viridian.	A decision was made to fill posts on a permanent basis as a default position. A permanent Executive Team has been appointed and provides increased stability and leadership. A 1% cost of living increase was awarded and also a performance related payment for staff who have achieved their objectives in April 2016. Viridian's recruitment process is currently being reviewed and the Viridian Academy (a new, more comprehensive approach to corporate training) was launched in May 2016.
Welfare reform and the introduction of Universal Credit will result in unsustainable tenancies, increased evictions, tenant arrears and significant financial loss.	Close monitoring of arrears performance will continue. Viridian has achieved excellent results, finishing the year with 3.7% current tenant arrears; the best performance ever. Affordability assessments are now embedded into the lettings process. We have analysed our customer base and have a planned strategy to visit over 1,300 tenants who we believe will be affected by the reduction in the benefit cap. The Financial Inclusion team is continuing to support at risk residents and extra resource has been allocated to respond to work arising from the benefit cap.
Sales risk - not achieving sales income will impact on both the viability of new schemes against approved hurdles and the annual income targets for the budget.	Target sales surplus of £5.1 million for 2015/16 has been achieved and exceeded by £2.1 million. All completed properties available for sale are now reserved or sold for non-retirement development schemes. We actively review individual schemes to assure ourselves that the tenure mix will meet the market requirements, and take action to convert tenures where able and/or change the marketing strategy as appropriate.
Poor data management. Absence of a robust framework that regulates data management will result in poor data quality.	We are undertaking an end-to-end process review of our data management framework in the first quarter of 2016/17. This will provide a best practice approach to changing the way we record, monitor and challenge our data and provide an Information Security & Management System that will be implemented to govern the way we manage data.
Brexit will create uncertainty in the financial markets and subsequent changing legislation as a result of Britain leaving the EU would impact on our ability to deliver the financial plan.	A Board briefing paper in May outlined current thinking on the potential impact. Modelling of scenarios had been completed including interest rates increasing by 4% (reflecting the impact of unstable financial markets), social rent reduction extended to nine years; no sales of properties or tenure switch to social rent, and showed no breach of covenant with all assumptions applied by reducing the number of units developed. Further monitoring and modelling work will continue.
Some retirement schemes may not be viable in the future, for example studio flats are less popular to purchase.	A refresh of Scheme Viability Toolkit – this will look at a range of information about the operational performance of each scheme individually and the local older people's demographic and other open data. We will prioritise schemes that we consider to be at greatest risk and develop plans for each one.
Leading economists have highlighted that there is likely to be a downturn in the economy within the next 2/3 years.	The Executive Team to consider potential "levers" which would be used to respond to an economic downturn should it materialise. These include reducing development pipeline in the event of significant uncertainly over property market etc. Scenarios have also been tested for long term financial plan to stress test against covenants etc. These scenarios will be kept under regular review.

STATEMENT OF THE BOARD'S RESPONSIBILITY IN RESPECT OF THE REPORT OF THE BOARD AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Board's Report, the Operating and Financial Review and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the Group and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and the Group and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate information included in the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and that each Board member has taken all the steps that he or she ought to have taken as a Board member to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Responsibility:
The Board of Viridian Housing is the ultimate governing body for the Group, and is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its operations.

The Board is responsible for ensuring that robust systems of internal control exist across the Group, which focus on the significant risks that threaten the Group's ability to meet its objectives and provide reasonable assurance for the safeguarding of all Group assets. The key elements of identifying, evaluating and managing the system of internal control are:

- Corporate Governance arrangements;
- Written financial regulations and a scheme of delegated authorities, which are reviewed annually;
- Policies and procedures exist for all key areas of the business, which are reviewed periodically to ensure their continued appropriateness and compliance with best practice;
- The internal audit function, which works to a three-year strategic plan covering all the main areas of business risk. The internal auditors present their findings to the Risk & Audit Committee which ensures that all agreed actions are implemented;
- The risk management function, which seeks to manage all significant risk so that the residual risk after appropriate mitigation can be absorbed should it materialise;
- A thorough and considered approach to new property and business initiatives including a new business panel, ensuring that financial hurdles are achieved, and that there is no over-exposure to certain types of inherently higher risk schemes. This includes a formal risk management approach to development projects and new business initiatives together with fully evaluated exit strategies to mitigate the worst effects of the risks, should they materialise;
- A treasury management function which reports quarterly to the Treasury Committee;
- Management accounting, budgetary control and forecasting procedures, where all significant variances from budget are investigated. The Board reviews the business plan on a quarterly basis;
- Setting targets for all key performance indicators and monitoring the progress in achieving the targets;
- Staff performance appraisal and objective setting;
- The Group has in place a Whistleblowing Policy, an Anti-Fraud, Bribery and Corruption Policy and an Anti-Money Laundering Policy. The Fraud Register is reviewed at every meeting of the Risk and Audit Committee to consider any new cases of fraud;
- A centralised Health and Safety function manages the health, safety and welfare of Viridian colleagues, customers and others.

The Risk and Audit Committee has received an annual review of the effectiveness of the system of internal control for the Association and its subsidiaries, together with the annual report of the Internal Auditor, and has reported to the Board that it considers the established procedures of the Group constitute an effective system of internal control.

Status:
The Board confirms that there are no material weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in these financial statements.

Governance:
Viridian's Board is responsible for the effective governance of Viridian Housing and the wider Group, with day-to-day management being delegated to the Executive Team under the leadership of the Chief Executive.

The Board is keen to maintain the right mix of skills, knowledge and experience for the key aspects of running the business, and appointed two Co-optees in January 2016 following the departure of two Board members. All Board members and Co-optees undergo an annual appraisal to identify any gaps, with the Board comprising six Non-Executive Directors and two Co-optees as at 31 March 2016.

The key responsibilities of the Board are to provide strategic leadership, monitor performance, make key business decisions and manage risk. In addition, the Board formally reviews and approves all budgets and business plans for the Group.

To enable the Board to fulfil its obligations, it delegates specific responsibilities to a number of committees, being:

- Governance and Remuneration
- Growth and Investment
- Risk and Audit
- Treasury

Governance and Remuneration Committee:
This Committee ensures that governance across Viridian is robust and complies with regulatory requirements and good practice. It oversees the remuneration of Executive Directors, Board and Committee members, and takes a strategic overview of people-related issues to enable Viridian to fulfil its responsibilities as an employer.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Growth and Investment Committee:
This Committee provides strategic overview for activities relating to the management of Viridian's assets and the return generated with those assets. This includes asset management, new business & development and health & safety activities relating to these areas. It oversees the financial performance of Commercial Operations activities, including, but not limited to, hostels, student accommodation and key workers. It assesses and recommends to the Board the commencement of any new, or the cessation of any existing commercial initiative.

Risk and Audit Committee:
On behalf of the Board, this Committee oversees processes relating to risk management, financial reporting, internal and external audit functions, internal control and the provision of insurance.

Treasury Committee:
As delegated by the Board, this Committee reviews the Treasury Strategy and Management Policy. It monitors and authorises all transactions and related documentation which fall within the approved Treasury Strategy and Management Policy.

Attendance:
The Board and its Committees take the discharge of their duties seriously, including attendance at meetings. The overall attendance rate for all Board and Committees during 2015/16 was 92%, which is broken down by meeting as follows:

Attendance 2015/16	**Percentage**
Board	90%
Risk and Audit	90%
Governance and Remuneration	87%
Growth and Investment	100%
Treasury	100%

Code of governance:
Viridian Housing complies with the National Housing Federation's Code of Governance (2015 edition). As part of a review of Viridian's governance arrangements, during 2015/16 a self-assessment was carried out against the revised code to provide assurance to the Board of compliance. The results of this exercise were reported to the Governance & Remuneration Committee in September 2015.

Pay and reward:
The Governance and Remuneration Committee sets the pay of the Executive Directors at a level to attract and retain the talent required to lead the business. Our aim is not to pay the highest salaries but to offer a competitive package.

The remuneration of the Chief Executive, other Executive Directors and Board Members is disclosed in note 8 to the financial statements.

Going concern:
After reviewing the Group's budget for 2016/17 and the most recent version of the Business Plan, based on normal business planning and control procedures, the Board has reasonable expectations that Viridian Housing has adequate resources to continue operating for the foreseeable future. Viridian Housing has achieved improved financial results in the current year and the budget for 2016/17 indicates that this trend will continue. As discussed in the Financial Review we have adequate loan facilities to meet our strategic objectives for the immediate future.

Future outlook:
The future outlook for Viridian remains very positive:

- The Board and the Executive Team look forward to progressing our partnership discussions with AmicusHorizon, with the intention of forming an exciting new partnership early in 2017;
- We will continue to implement our Corporate Strategy which includes our plans to develop a significant number of new homes;
- We are financially secure and are very well positioned to face the future, with one of the lowest cost of funds in the sector;
- We are ready to take on the challenges of Right To Buy, potentially Pay To Stay, as well as further reform to welfare arrangements which will impact a number of our residents. We will continue to provide ongoing support and advice for our most vulnerable residents in dealing with the impact of welfare reform.

Auditors:
RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has expressed their willingness to continue in office as the Group's auditors. Accordingly a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

H Llewelyn-Davies
Chair

7 September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRIDIAN HOUSING

We have audited the group and parent association financial statements of Viridian Housing for the year ended 31 March 2016 (the "financial statements") on pages 26 to 77. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor
As explained more fully in the Board's Responsibilities Statement set out on page 22, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2016 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
CM1 1LN

Date: 20th September 2016.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	GROUP 2016 £000	GROUP *2015 £000*	ASSOCIATION 2016 £000	ASSOCIATION *2015 £000*
Turnover	3	138,012	*125,927*	130,695	*121,610*
Cost of sales	3	(10,589)	*(6,635)*	(6,900)	*(6,635)*
Operating expenditure	3	(89,806)	*(86,651)*	(87,136)	*(84,633)*
Operating surplus	7	**37,617**	***32,641***	**36,659**	***30,342***
Interest receivable and similar income	5	189	*187*	1,174	*988*
Interest payable and similar charges	6	(11,449)	*(12,228)*	(11,034)	*(11,674)*
Surplus on sale of fixed assets	7.a	2,358	*6,582*	2,358	*6,582*
Change in fair value of investment property		-	*4,066*	-	*2,636*
Change in fair value of financial instruments	21	1,261	*140*	1,261	*140*
Surplus before tax		**29,976**	**31,388**	**30,418**	**29,014**
Taxation	9	(215)	-	(460)	-
Surplus for the year		**29,761**	***31,388***	**29,958**	***29,014***
Actuarial gains/(losses) recognised in the pension schemes	27	87	*(363)*	87	*(363)*
Change in fair value of hedged financial instruments	21	2,871	*(24,119)*	2,604	*(22,986)*
Total comprehensive income for the year		**32,719**	***6,906***	**32,649**	***5,665***

The notes on pages 30 to 77 form part of these financial statements.

BALANCE SHEETS
As at 31 March 2016

	Notes	GROUP 2016 £000	GROUP *2015 £000*	ASSOCIATION 2016 £000	ASSOCIATION *2015 £000*
FIXED ASSETS					
Housing properties	10.a	1,039,280	*1,008,769*	1,046,358	*1,015,400*
Other fixed assets	10.b	11,755	*13,047*	11,755	*13,047*
Investment properties	10.c	78,793	*78,383*	54,972	*54,960*
Investments	12	2	*2*	2	*2*
		1,129,830	***1,100,201***	**1,113,087**	***1,083,409***
CURRENT ASSETS					
Properties held for sale	13	30,475	*25,103*	18,363	*16,489*
Debtors: amounts receivable within one year	14	9,595	*8,183*	9,761	*8,102*
Debtors: amounts receivable after one year	14	358	*395*	14,024	*9,718*
Investments	15	67,627	*19,962*	67,627	*16,894*
Hedge accounted financial instrument asset	21	50	*124*	50	*104*
Cash and cash equivalents	24	12,724	*13,719*	8,506	*12,922*
		120,829	***67,486***	**118,331**	***64,229***
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	16	(80,141)	*(37,362)*	(80,385)	*(37,290)*
Net current assets		**40,688**	***30,124***	**37,946**	***26,939***
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,170,518**	***1,130,325***	**1,151,033**	***1,110,348***
LONG TERM LIABILITIES					
Creditors: amounts falling due after more than one year		462,788	*455,964*	449,376	*441,990*
Deferred capital grant	20	389,366	*391,161*	389,366	*391,161*
	17	**852,154**	**847,125**	**838,742**	**833,151**
Provisions for liabilities					
Pension provision	23	10,778	*8,303*	10,778	*8,303*
Other provisions	23	537	*576*	537	*576*
		863,469	***856,004***	**850,057**	***842,030***
RESERVES					
Called up share capital		-	*-*	-	*-*
Income and expenditure reserve		351,278	*321,259*	342,219	*312,003*
Revaluation reserves		-	*-*	-	*-*
Restricted reserves		670	*832*	670	*832*
Cash flow hedge reserve	21	(44,899)	*(47,770)*	(41,913)	*(44,517)*
TOTAL RESERVES		***307,049***	***274,321***	***300,976***	***268,318***
		1,170,518	***1,130,325***	**1,151,033**	***1,110,348***

The notes on page 30 to 77 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 7 September 2016 and were signed on its behalf by:

H Llewelyn-Davies	F Barras	P Roscrow	K Tromanhauser
Chair	**Board Member**	**Board Member**	**Secretary**

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital £	Income and expenditure reserve £000	Restricted reserves £000	Cash flow hedge reserve £000	Total £000
At 1 April 2014 (note 29)	7	290,234	832	(23,651)	**267,415**
Surplus for the year	-	31,388	-	-	**31,388**
Other comprehensive income:					
Actuarial loss in respect of pension schemes (note 27)	-	(363)	-	-	**(363)**
Change in fair value of hedged financial instruments (note 21)	-	-	-	(24,119)	**(24,119)**
At 31 March 2015	**7**	**321,259**	**832**	**(47,770)**	**274,321**
Surplus for the year	-	29,761	-	-	**29,761**
Charitable activities funded by restricted reserves	-	171	(171)	-	**-**
Donations received	-	9	-	-	**9**
Donations transferred to restricted reserves	-	(9)	9	-	**-**
Other comprehensive income:					
Actuarial gain in respect of pension schemes (note 27)	-	87	-	-	**87**
Change in fair value of hedged financial instruments (note 21)	-	-	-	2,871	**2,871**
At 31 March 2016	**7**	**351,278**	**670**	**(44,899)**	**307,049**

ASSOCIATION	Share capital £	Income and expenditure reserve £000	Restricted reserves £000	Cash flow hedge reserve £000	Total £000
At 1 April 2014 (note 29)	7	283,352	832	(21,531)	**262,653**
Surplus for the year	-	29,014	-	-	**29,014**
Other comprehensive income:					
Actuarial loss in respect of pension schemes (note 27)	-	(363)	-	-	**(363)**
Change in fair value of hedged financial instruments (note 21)	-	-	-	(22,986)	**(22,986)**
At 31 March 2015	**7**	**312,003**	**832**	**(44,517)**	**268,318**
Surplus for the year	-	29,958	-	-	**29,958**
Charitable activities funded by restricted reserves	-	171	(171)	-	**-**
Donations received	-	9	-	-	**9**
Donations transferred to restricted reserves	-	(9)	9	-	**-**
Other comprehensive income:					
Actuarial gain in respect of pension schemes (note 27)	-	87	-	-	**87**
Change in fair value of hedged financial instruments (note 21)	-	-	-	2,604	**2,604**
At 31 March 2016	**7**	**342,219**	**670**	**(41,913)**	**300,976**

The shares provide members with the right to vote at general meetings, but do not entitle members to dividends or any distribution on cessation.

The restricted reserves are amenity and benevolent funds for the benefit of residents.

CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 March 2016

	Notes	GROUP 2016 £000	2015 £000
OPERATING ACTIVITIES			
Net cash generated from operations	24	39,657	36,426
CASH FLOW GENERATED FROM INVESTING ACTIVITIES			
Acquisition and construction of housing properties	10.a	(48,168)	*(43,750)*
Proceeds on sale of fixed assets	7.a	9,128	*12,126*
Purchase of other tangible fixed assets	10.b	(536)	*(2,812)*
Construction of investment properties	10.c	(410)	*(27)*
Social housing grants received	20	5,638	*1,224*
Net cash used in investing activities		**(34,348)**	**(33,239)**
CASH FLOW GENERATED FROM FINANCING ACTIVITIES			
Interest paid (including swap cancellation costs)	6	(12,825)	*(13,700)*
Interest received	5	189	*187*
Net money market movement		(47,664)	(1,175)
New draw-downs		56,499	*18,243*
Loans repaid		(2,259)	*(2,123)*
Net cash (used in)/from financing activities		**(6,060)**	***1,432***
(Decrease)/increase in cash and cash equivalents	24	**(751)**	**4,619**
Cash and cash equivalents at beginning of year		**12,267**	**7,648**
Cash and cash equivalents at end of year		***11,516***	***12,267***

In accordance with FRS 102, the Association has taken advantage of the exemption set out in paragraph 1.12 (b) of FRS 102 from the following disclosure requirement in the individual financial statements of Viridian Housing:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures.

The Board confirms that it:
- does not object to the use of the disclosure exemption;
- otherwise applies the recognition, measurement and disclosure requirements of FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. LEGAL STATUS

Viridian Housing is the parent undertaking of a number of subsidiary operating companies. The Group parent and subsidiary companies are as follows:

Company	**Legal Status**
Viridian Housing:	The Group parent; Viridian Housing is public benefit entity, registered in England and Wales, under the Co-operative and Community Benefit Societies Act 2014 as a social landlord with the Homes and Communities Agency (Co-operative and Community Benefit Society registration number: 12752R). The address of the registered office and principal place of business is Colwell House, 376 Clapham Road, London, SW9 9AR.
Middlesex First Limited:	The company administers and manages student accommodation for the University of Middlesex. The company is registered with Co-operative and Community Benefit Society (registration number: 29881R).
Viridian Development Services Limited:	The company develops residential property and commercial property. (Company Number: 05248824)
Viridian Facilities Management Limited:	The company ceased trading on 30 June 2011. Activity was transferred to Viridian Housing from 1 July 2011. The company is now dormant (Company Number: 05396539).
Viridian Property Investments Limited:	The company owned Viridian Housing's previous office in Hammersmith. The building was sold late in 2012. The company is now dormant (Company Number: 02585612).
Viridian Commercial Enterprises Limited:	The company provided short-term accommodation on a commercial basis. The company is now dormant (Company Number: 7562577).
Viridian Homes For All Limited	The company has not traded since incorporation and therefore dormant (Company Number: 09100856).
Viridian Homes Limited	The company has not traded since incorporation and therefore dormant (Company Number: 09100835).
Viridian Development Homes Limited	The company has not traded since incorporation and therefore dormant (Company Number: 09100883).

2. ACCOUNTING POLICIES

2.1. Basis of accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Registered Housing Providers" (SORP 2014) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015, and under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

These financial statements are the first financial statements of Viridian Housing prepared in accordance with FRS 102. The financial statements of Viridian Housing for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Board have amended certain accounting policies to comply with FRS 102.

Comparative figures have been restated to reflect the adjustments made. Adjustments are recognised directly in reserves at the transition date being 31 March 2014.

The impact is set out in Note 29.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

The Board is satisfied that the current accounting policies are the most appropriate for the Group and Association.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

2.2. Basis of consolidation

The consolidated financial statements incorporate those of Viridian Housing and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2016.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3. Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, management and other fees for the services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Turnover includes gift aid, where applicable, from subsidiary companies. Turnover is categorised as follows:

Social housing lettings:

(a) General needs housing
General needs housing is property let or available for letting on assured, assured short hold or secure tenancies. Affordable Rent is a form of social housing. Homes are available at a rent level of up to 80% of gross market rents. Gross market rents are generally expressed inclusive of any service charges.

(b) Supporting people contract income
Supported people contract income is the provision of support services.

(c) Key worker accommodation
Key worker accommodation is the provision of accommodation to the staff of medical establishments.

(d) Care homes
Residential care homes are homes registered under Section 3 of the Care Standards Act 2000 and provide accommodation and care to older people and people with learning difficulties. This category only includes our Ealing Care operation.

(e) Temporary housing
Temporary housing is the provision of other affordable short term accommodation.

(f) Shared ownership
Shared ownership is the provision of accommodation where the Association has sold part of the equity in the home to the occupier and charges rent on the remaining share retained by the Association.

(g) Other
Provision of temporary housing in hostel accommodations with the shared communal facilities, let on mixture of tenures: mainly assured, secured and other short-term lets.

Investment properties commercial lettings:

(h) Student accommodation
Student accommodation is the provision of accommodation to students.

(i) Market rent lettings
Housing accommodations let or available for letting at market rent.

(j) Commercial units
Units let on commercial leases with an intention to generate commercial income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

2.4. Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment income is recognised on an accruals basis.

2.5. Tangible fixed assets – housing properties

a.) Initial recognition and subsequent measurement

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period including interest charges incurred during this period.

Housing properties in the course of construction are stated at cost and are not depreciated until completion, when they are transferred to completed housing properties. At the balance sheet date, properties under construction include a provision for all costs certified to date including the amount of the sum retained by the Group under the construction contract.

b.) Component accounting – housing properties

The costs of completed housing properties are split between structure, land (or leasehold interest premium) and major components, which require periodic replacement.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Capital expenditure incurred on replacement or restoration of those components is capitalised and depreciated over their average estimated useful life, which has been set on the basis of professional advice, the Group's Asset Management Strategy and the requirements of the Decent Homes Standard.

Other expenditure incurred on major repairs which does not represent improvements capitalised as components, is charged to the Statement of Comprehensive Income.

c.) Shared ownership properties

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The split of the shared ownership properties costs between current and fixed assets is initially calculated based on the expected first tranche sales percentage (stated at the lower of cost and net realisable value), with the subsequent reapportionment once the agreed first tranche sales percentage has been agreed on completion.

The remaining proportion of the fixed assets is split between land (leasehold premium), freehold interest (head lease interest) and structure components only.

The surplus or deficit arising on disposal of second or subsequent tranches of shared ownership sales is the difference between the net sales proceeds and the attributable net book carrying value. This is recognised as a surplus or deficit on sale of fixed assets in the Statement of Comprehensive Income in the period in which the disposal occurs.

2.6. Depreciation of housing properties

Freehold land or leasehold interest premium and assets under constructions are not depreciated.

The Group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the asset's useful economic lives.

2. ACCOUNTING POLICIES (continued)

Where a separately identified component of a property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

The Association's social housing properties are depreciated from the month after the date of completion. During the year a consolidation of rates was put in place, which had no material impact on any previously disclosed lives. The useful economic lives and depreciation rates are as follows:

Social Housing Property Component	Useful life in years		Depreciation rate	
	From	To	From	To
Structure / Fabric	60	100	1.00%	1.67%
Roof	60	80	1.25%	1.67%
Windows	25	26	3.85%	4.00%
Lifts	25	30	3.33%	4.00%
Bathrooms	20	25	4.00%	5.00%
Kitchen	20	25	4.00%	5.00%
Electrical works	25		4.00%	
Door entry	20		5.00%	
Fire alarms	20		5.00%	
Heating	15		6.67%	

2.7. Donated land and other assets

Land or other assets which have been donated by a government source is added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income in the Statement of Comprehensive Income.

2.8. Investment properties

Investment properties (including properties held under an operating lease) are properties not held for social benefit and consist of commercial properties, student accommodation and market rent properties. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in the Statement of Comprehensive Income.

Fair value is based on valuation techniques which include using recent arm's length market transactions for an identical asset between knowledgeable, willing parties. Valuations are carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued.

The Board considers that external valuations performed every 3 years will be sufficiently regular, unless there are significant factors on the active market, which will warrant more frequent valuations.

An internal assessment is conducted of the fair value of investment property at each of the reporting dates for which the external valuations are not carried out to ensure that the carrying amount does not differ materially from that, which would be determined using fair value at the end of the reporting period.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The board consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

2.9. Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

2.9. Impairment of fixed assets

The Group considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with SORP 2014.

The Board considers a government intention to reduce the social housing rents (including affordable and social rents) by 1% each year for four years from April 2016 announced in the July 2015 Budget, to be an impairment trigger and a detailed impairment review has been performed on assets and cash generating units. This resulted in no financial impact in the Statement of Comprehensive Income as all schemes, while meeting all expected future repairing liabilities, are expected to produce a positive net present value over 30 years, resulting in no charge.

2.10. Social housing grant (SHG)

Government grants include grants receivable from the Homes and Communities Agency (HCA), local authorities and other government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received, (usually when the construction of the housing properties within a specific scheme is certain to complete).

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Group will comply with the conditions and the funds will be received.

2.11. Other grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

2.12. Recycled capital grant fund and Disposal proceeds fund

The Association has the option to recycle capital grant (SHG or Housing Association Grant (HAG)) which would otherwise be repayable, for re-use on new developments within the Group.

If unused within a three-year period, it will be repayable to the Homes and Communities Agency with interest. The development programme of the Group is such that the recycled grant will be re-used by the Group before it becomes repayable. Any unused recycled capital grant held within the capital grant recycling fund is disclosed in the balance sheet under "creditors due within 12 months" or "creditors due after 12 months" depending on the age of the funds concerned.

Receipts from Right-to-acquire sales are required to be retained in a designated fund that can only be used for providing replacement housing. These sales receipts less eligible expenses are credited to the Disposal Proceeds Fund.

2.13. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

The interest capitalised is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme, irrespective of the original purpose for which the loan was raised.

Interest is calculated as a fair proportion of total borrowings on development costs, less Social Housing Grant (SHG) in advance, is capitalised during the period of development at the capitalisation rate, calculated as the weighted average of the borrowing costs applicable to the general pool, or at the effective interest rate applicable to the borrowing in respect of the specific development.

All other borrowing costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

2.14. Capitalisation of administration costs

Development overhead costs are capitalised to the extent they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of in-house development, architect and surveyor costs (including the cost of own employees), and a proportion of the costs of staff in other departments who work on development activities.

Development allowances are allocated once a year at the earlier of:
(a) practical completion, or
(b) the end of the financial year.

The basis for allocating development allowances between development schemes is based on the scheme value of in-year acquisition and works costs as a proportion of total programme acquisition and works costs.

2.15. Stock (properties for sale)

Stocks are assets:
(a) held for sale in the ordinary course of business (completed properties to include properties developed for outright sale, commercial units developed with the intention to sale and first tranches of shared ownership sales);
(b) in the process of production for such sale (properties in the course of construction), or
(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell.

2.16. Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation is charged on a straight-line basis. The useful economic lives and depreciation rates are as follows:

Other Fixed Assets	Useful life in years	Depreciation rate
Office buildings	50	2.00%
Fixtures and fittings	10	10.00%
Computer Equipment and Software	4	25.00%

2.17. Investments

Fixed asset investments in subsidiary undertakings are carried at cost less any provision for impairment. Other long term investments are stated at cost.

2.18. Taxation

Viridian Housing and its subsidiary undertaking, Middlesex First Limited are considered to pass the tests set out in Paragraph 1, Schedule 6, Finance Act 2010 and therefore meets the definition of a charitable entity for UK corporation tax purposes. Accordingly, they are potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3, Part 11, Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The other subsidiary undertakings are subject to corporation tax in the same away as any commercial organisation.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable surplus and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable surpluses.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the organisation is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

2. ACCOUNTING POLICIES (continued)

Current and deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited to Other Comprehensive Income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to Other Comprehensive Income, or equity.

2.19. Value Added Tax (VAT)

The Group is required to charge VAT on some income, but not all. It is therefore subject to a partial exemption method and can only recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is treated as being irrecoverable. The VAT payable or recoverable at the balance sheet date is included in current liabilities or current assets as appropriate.

2.20. Leases

Viridian housing as Lessee – operating leases

All leases are operating leases and the annual rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

2.21. Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Viridian Housing ends at the reporting date and employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Viridian Housing is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.22. Retirement benefits

The Group participates in the Social Housing Pension Scheme (SHPS) and two Local Government multi-employer defined benefit pension schemes.

Defined benefit plans

For SHPS, contributions are recognised in the Statement of Comprehensive Income in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how Viridian Housing will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

For the Local Government Pension Scheme (LGPS), the cost of providing benefits is determined using the projected unit credit method.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in the Statement of Comprehensive Income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

Defined benefit plans (continued)

- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in Other Comprehensive Income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Defined contribution plans

For defined contribution schemes the amount charged to the Statement of Comprehensive Income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2.23. Financial Instruments

Viridian Housing has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the organisation becomes a party to the contractual provisions of the instrument, and are offset only when the organisation currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.23.1 Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and other relevant debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction (agreements to pay for settlement of rent arrears), the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade and other relevant debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents include some money market deposits held for more than 24 hours which can be withdrawn without penalty only on maturity or by giving notice of more than one working day.

2.23.2 Financial liabilities

Trade and other relevant creditors

Trade and other relevant creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Debt instruments that do not meet the conditions in FRS 102, paragraph 11.9, are subsequently measured at fair value through the Statement of Comprehensive Income.

Debt instruments may be designated as fair value through the Statement of Comprehensive Income to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.23.3 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value, at each reporting date. Fair value gains and losses are recognised in the Statement of Comprehensive Income unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, the organisation documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

The organisation elects to adopt hedge accounting for interest rate swaps where:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;

- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and

- the change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Cash flow hedge – hedge of variable interest rate risk

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in Other Comprehensive Income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in Other Comprehensive Income are recognised in the Statement of Comprehensive Income. The gains and losses recognised in Other Comprehensive Income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised in the Statement of Comprehensive Income in the period(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified to the Statement of Comprehensive Income when the variable rate interest is recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or the organisation documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to the Statement of Comprehensive Income, either when the variable interest rate expense is recognised in the Statement of Comprehensive Income, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

2.23.4 Loan issue costs

Loan issue costs are deducted from the proceeds of the loan and charged to the Statement of Comprehensive Income in proportion to the outstanding capital over the life of the loan.

2.24. Restricted reserves

The restricted reserves are subject to specific conditions imposed by donors.

2.25. Provisions for liabilities

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Reimbursements up to the amounts required to settle the obligation are recognised as separate assets only when receipt on settlement of the obligation is virtually certain.

2.26. Supported housing schemes managed by agencies

The treatment of surpluses or deficits in respect of supported housing schemes depends on the nature of the relationship between Viridian Housing and its managing agents and is dependent on whether Viridian Housing carries the financial risk. Where Viridian Housing carries the financial risk, the associated income and expenditure are included in the financial statements.

2.27. Allocation of costs

The cost of providing management services by the regulated entity to non-regulated parts of the business is based on direct attribution of costs, on a fair and reasonable basis, taking into account actual usage and relevant activity levels.

2.28. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Actuarial assumptions used in calculating of pension benefits obligations:

The rate used to discount the benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. Our commitment to the SHPS of £11,371,000 for the next 11 years has been discounted at a rate of 2.06% amounting to a net present value of £10,326,000 at 31 March 2016.

Assumptions in fair value of derivatives:

Our derivative instruments will generically fall into one of the following categories:

- Floating to fixed interest rate swaps: These are priced using the forward swap curve, which is the biggest determinant of value of the swap: A downward movement in the swap curve will reduce the expected floating rate payments that fall due to the Group and also reduce the discount factor that applies to those payments.
- Interest rate caps: The probability of a payment falling due to the Group as well as the quantum of the payment is determined. Hence, the value is driven by the forward swap curve and its volatility.
- Floating to inflation linked interest rate swaps: These are priced from the forward swap curve and also the equivalent inflation curve.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. ACCOUNTING POLICIES (continued)

Assessment of hedging criteria

Many of our derivatives have the same dates on which the floating interest rates are set as the underlying loan giving the perfect hedge. Where the critical terms match between the swap and the loan, the prospective effectiveness test assesses the impact of a 1% shift in zero coupon interest rates.

Assessments used in impairment review

Impairments reviews are carried out when an impairment trigger has been identified. As a result of the Chancellor's announcement to reduce social rents by 1% over four years to March 2020 in the Summer Budget in July 2015, an impairment review of all social units was carried out. Net present values were calculated over 30 years using rental income inflation of 2% after the initial rent reduction, terminal sales values inflation of 3.5% and a discount rate of 4.25%. All schemes produced a positive net present value and so no impairment was required.

Assumptions in valuing investment properties

External valuation advice has been prepared in accordance with the basis of valuation and assumptions in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors. The recent valuation has been undertaken on a desktop basis only on an individual basis rather than as a portfolio. Valuations were based on the assumptions in respect of occupancy levels, as well as actual and expected rents receivable and operating costs. It is also assumed that each property is in a satisfactory condition and free from any environmental or other hazardous risks.

Estimated useful economic lives of social housing property assets

The Group regularly reviews life cycles of components, most recently in March 2016. The review was completed by external consultants who benchmarked life cycles against peer organisations and the Decent Homes Standard. The report found that the lifecycles do not vary greatly from what would reasonably be expected from like organisations.

Cost allocation in mixed tenure development scheme

Land acquisition costs are allocated between tenure types based on Existing Use Value (EUV) which reflects the different tenure types and takes into account present value of the expected cash inflow for each tenure type.

Other build costs and directly attributable costs are apportioned on area basis unless building specifications differ between tenures.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. TURNOVER, COST OF SALES, OPERATING COSTS & OPERATING SURPLUS

GROUP: Year to 31 March 2016	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings	103,781	-	(75,151)	28,630
Other social activities				
Supported Housing	1,069	-	(1,351)	(282)
Development services	4,485	(3,689)	(807)	(11)
Grant abatement (note 7.a)	660	-	-	660
Deferred capital grant amortisation	75	-	-	75
First tranche shared ownership sales	8,543	(4,649)	(301)	3,593
Retirement housing outright sales	2,040	(1,152)	-	888
Total other social housing activities	**16,872**	**(9,490)**	**(2,459)**	**4,923**
Non-social housing activities				
Student accommodation	13,704	-	(12,054)	1,650
Registered nursing homes	-	-	(66)	(66)
Commercial lettings	256	-	(76)	180
Commercial outright sales	3,399	(1,099)	-	2,300
Total non-social housing activities	**17,359**	**(1,099)**	**(12,196)**	**4,064**
	138,012	**(10,589)**	**(89,806)**	**37,617**

GROUP: Year to 31 March 2015	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings	99,236	-	(71,740)	27,496
Other social activities				
Supported Housing	1,855	-	(1,966)	(111)
Development services	51	-	(102)	(51)
Grant amortisation released on disposal of properties	(84)	-	-	(84)
First tranche shared ownership sales	7,702	(4,830)	(251)	2,621
Retirement housing outright sales	2,649	(1,805)	-	844
Total other social housing activities	**12,173**	**(6,635)**	**(2,319)**	**3,219**
Non-social housing activities				
Student accommodation	14,272	-	(12,709)	1,563
Registered nursing homes	3	-	165	168
Commercial lettings	243	-	(48)	195
Total non-social housing activities	**14,518**	**-**	**(12,592)**	**1,926**
	125,927	**(6,635)**	**(86,651)**	**32,641**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. TURNOVER, COST OF SALES, OPERATING COSTS & OPERATING SURPLUS (continued)

ASSOCIATION: Year to 31 March 2016	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings	103,781	-	(75,151)	28,630
Other social activities				
Supported Housing	1,070	-	(1,351)	(281)
Development services	801	-	(810)	(9)
Gift aid received from subsidiaries	938	-	-	938
Grant abatement (note 7.a)	660	-	-	660
Deferred capital grant amortisation	75	-	-	75
First tranche shared ownership sales	8,543	(4,649)	(301)	3,593
Retirement housing outright sales	2,040	(1,152)	-	888
Total other social housing activities	**14,127**	**(5,801)**	**(2,462)**	**5,864**
Non-social housing activities				
Student accommodation	9,132	-	(9,381)	(249)
Registered nursing homes	-	-	(66)	(66)
Commercial lettings	256	-	(76)	180
Commercial outright sales	3,399	(1,099)	-	2,300
Total non-social housing activities	**12,787**	**(1,099)**	**(9,523)**	**2,165**
	130,695	**(6,900)**	**(87,136)**	**36,659**

ASSOCIATION: Year to 31 March 2015	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings	99,236	-	(71,740)	27,496
Other social activities				
Supported Housing	1,855	-	(1,966)	(111)
Development services	51	-	(97)	(46)
Write off of intercompany balances	-	-	(463)	(463)
Deferred capital grant amortisation	(84)	-	-	(84)
First tranche shared ownership sales	7,702	(4,830)	(251)	2,621
Retirement housing outright sales	2,649	(1,805)	-	844
Total other social housing activities	**12,173**	**(6,635)**	**(2,777)**	**2,761**
Non-social housing activities				
Student accommodation	9,955	-	(10,233)	(278)
Registered nursing homes	3	-	165	168
Commercial lettings	243	-	(48)	195
Total non-social housing activities	**10,201**	**-**	**(10,116)**	**85**
	121,610	**(6,635)**	**(84,633)**	**30,342**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

GROUP AND ASSOCIATION: Year to 31 March 2016	**General needs housing £000**	**Supporting people contract income £000**	**Key workers housing £000**	**Care Homes £000**	**Ealing care homes* £000**	**Temporary housing £000**	**Shared ownership £000**	**Other £000**	**2016 Totals £000**	***2015 Totals £000***
Turnover from social housing lettings										
Rent receivable net of service charges	66,826	168	6,423	-	-	301	2,973	2,242	**78,933**	*75,720*
Care management fee	-	-	-	-	9,427	-	-	-	**9,427**	*9,136*
Charge for support services	56	(2)	-	-	-	-	-	-	**54**	*67*
Service charge income receivable	8,448	2	-	-	-	3	699	83	**9,235**	*7,915*
Net rent receivable	**75,330**	**168**	**6,423**	**-**	**9,427**	**304**	**3,672**	**2,325**	**97,649**	***92,838***
Revenue grants	-	-	-	-	-	-	-	-	**-**	*(5)*
Deferred capital grant amortisation	4,253	(194)	-	45	-	1	142	104	**4,351**	*4,413*
Sundry income	327	77	744	-	219	28	343	43	**1,781**	*1,990*
	4,580	**(117)**	**744**	**45**	**219**	**29**	**485**	**147**	**6,132**	***6,398***
Total turnover from social housing lettings	**79,910**	**51**	**7,167**	**45**	**9,646**	**333**	**4,157**	**2,472**	**103,781**	***99,236***
Expenditure on social housing lettings										
Management	19,648	244	4,064	19	11,140	76	819	1,912	**37,922**	*35,658*
Services	8,316	-	-	-	-	-	720	65	**9,101**	*7,544*
Support	17	-	-	-	-	-	-	-	**17**	*21*
Routine maintenance	9,660	962	792	33	624	227	243	182	**12,723**	*11,890*
Major repairs expenditure	4,273	187	279	-	23	25	9	1	**4,797**	*3,694*
Rent (recovery)/loss from bad debts	406	(176)	86	-	-	9	5	23	**353**	*506*
Property lease charges	82	-	77	-	-	156	14	-	**329**	*330*
Depreciation	10,792	15	793	26	-	59	391	381	**12,457**	*12,097*
Reversal of impairment	-	-	(2,548)	-	-	-	-	-	**(2,548)**	*-*
Operating costs on social housing	**53,194**	**1,232**	**3,543**	**78**	**11,787**	**552**	**2,201**	**2,564**	**75,151**	***71,740***
Operating surplus/(deficit)	**26,716**	**(1,181)**	**3,624**	**(33)**	**(2,141)**	**(219)**	**1,956**	**(92)**	**28,630**	***27,496***
Rent losses on voids	951	42	249	-	-	11	-	20	**1,272**	*1,336*

* Sub contract with Ealing PFI, which will be benchmarked in the coming year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

4. ACCOMMODATION IN MANAGEMENT

	GROUP		ASSOCIATION	
	2016 Number	*2015 Number*	2016 Number	*2015 Number*
Social housing properties				
General needs housing	10,830	*10,198*	10,830	*10,198*
Supported housing	-	*519*	-	*519*
Key workers	1,250	*1,250*	1,250	*1,250*
Intermediate rent	180	*184*	180	*184*
Shared ownership	874	*831*	874	*831*
Rent to homebuy	13	*12*	13	*12*
Total owned	**13,147**	***12,994***	**13,147**	***12,994***
Managed on behalf of others	189	*192*	189	*192*
Total managed	**13,336**	***13,186***	**13,336**	***13,186***
Owned but managed by others	187	*84*	187	*84*
Non-social housing				
Student accommodation	2,093	*2,093*	1,334	*1,334*
Market rent	54	*49*	54	*49*
Total owned	**2,147**	***2,142***	**1,388**	***1,383***
Managed on behalf of group entities	-	-	759	*759*
Managed on behalf of others	320	*320*	320	*320*
Total managed	**2,467**	***2,462***	**2,467**	***2,462***
All accommodation				
Owned	15,481	*15,220*	15,481	*15,220*
Managed	509	*512*	509	*512*
	15,990	***15,732***	**15,990**	***15,732***

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	GROUP		ASSOCIATION	
	2016 £000	*2015 £000*	2016 £000	*2015 £000*
From subsidiary undertakings	-	-	994	*808*
Other	189	*187*	180	*180*
	189	***187***	**1,174**	***988***

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

6. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
On bonds, loans and overdrafts	12,825	*12,868*	12,191	*12,224*
Net pension interest charge	155	*224*	155	*224*
Swap cancellation costs	-	*831*	-	*831*
Amortisation of issue costs of bank loan	141	*308*	132	*300*
Recycled capital grant fund interest	72	*62*	72	*62*
	13,193	***14,293***	**12,550**	***13,641***
Less: interest capitalised on properties under construction	(1,744)	*(2,065)*	(1,516)	*(1,967)*
	11,449	***12,228***	**11,034**	***11,674***

Interest payable in the 2015 financial statements had a cost of £1,728,000 for removing the call option on £30 million of cancellable swaps. This amount comprised of £831,000 transaction costs and £896,000 in respect of movement fair value of hedge accounted financial liabilities. The £896,000 has now been reclassified as changes in fair market value of hedge accounted financial instruments (note 21).

7. OPERATING SURPLUS

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
Operating surplus is stated after charging:	**£000**	***£000***	**£000**	***£000***
Depreciation:				
- housing properties (note 10.a)	12,561	*12,225*	12,561	*12,225*
- tangible fixed assets (note 10.b)	1,427	*1,040*	1,427	*1,040*
- reversal of impairment charge (10.a)	(2,548)	*-*	(2,548)	*-*
	11,440	***13,265***	**11,440**	***13,265***
Capital grant amortisation (note 20)	(4,426)	*(4,329)*	(4,426)	*(4,329)*
Auditors' remuneration:				
- In their capacity as auditors	127	*102*	122	*94*
- In respect of other services	26	*17*	26	*17*
- In respect of tax compliance services	3	*22*	3	*22*
	156	***141***	**151**	***133***
Operating lease payments:				
- Land and buildings	329	*330*	329	*330*
- Motor vehicles	286	*322*	154	*322*
- Offices	55	*55*	55	*55*
	670	**707**	**538**	**707**

Included within operating costs for 2015 is Viridian's share of the costs incurred on the cancelled partnership with asra Housing Group. The total costs included in 2015 are £0.95 million.

IMPAIRMENT

The Group considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with SORP 2014.

During the year, the Group considered the performance of the schemes which were previously impaired. For our rented key-worker scheme in Basingstoke void rates have improved substantially, resulting in occupancy levels that are in line with the expected performance of the scheme and this is expected to continue. At this level of occupancy the scheme produces a positive net present value (NPV) over the life of the remaining lease period and so the impairment has been released in full £2.5 million *(2015: Nil).*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

7. (a) SURPLUS/(DEFICIT) ON SALE OF FIXED ASSETS

GROUP AND ASSOCIATION	Sales proceeds £000	Carrying value £000	Other costs £000	2016 Total £000	2016 Capital grants recycled £000	*2015 Total £000*
Surplus on sale of housing properties:						
Staircasing sales *	7,162	(4,244)	(33)	**2,885**	(1,437)	*2,841*
Sales of other properties	1,771	(2,288)	(39)	**(556)**	(1,640)	*3,741*
	8,933	**(6,532)**	**(72)**	**2,329**	**(3,077)**	***6,582***
Sales of freehold office (note 10.b)	195	(159)	(7)	**29**	-	-
	9,128	**(6,691)**	**(79)**	**2,358**	**(3,077)**	***6,582***

* Sale of second and subsequent tranches of shared ownership properties

Included in the sales of other properties is a disposal of Newstead House – a 34 unit registered care home for people with learning disabilities in Harold Wood, Havering. This disposal was the final stage in the exit strategy from the supported housing market. The property was disposed at a loss of £660,000 and we received permission from the HCA for grant abatement attributable to the loss (note 18).

Sale of freehold office is a disposal of previous office Viridian House, St Katherine's Terrace, Northampton. The office has been empty since 2014. Disposal achieved a surplus of £29,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

8. EMPLOYEES

GROUP AND ASSOCIATION

The average monthly number of persons (including directors) employed by the organisation during the year was:

	2016 Number	***2015 Number***
Central Services	88	*92*
Operations	225	*212*
Property Services	189	*186*
Care & Social Impact	371	*373*
	873	**863**

GROUP AND ASSOCIATION

Staff costs for the above persons:	**2016 £'000**	***2015 £'000***
Wages and salaries	27,240	*27,059*
Social security costs	2,472	*2,484*
Employer pension and Auto enrolment pension	1,076	*1,151*
SHPS/The Growth plan pension cost (note 27)	3,247	*382*
	34,035	**31,076**

GROUP AND ASSOCIATION

Number of staff by salary band:	**2016 Number**	***2015 Number***
£160,000 - £170,000	1	-
£140,000 - £150,000	-	*1*
£120,000 - £130,000	2	*1*
£110,000 - £120,000	1	-
£100,000 - £110,000	2	*3*
£90,000 - £100,000	2	*3*
£80,000 - £90,000	5	*8*
£70,000 - £80,000	6	*2*
£60,000 - £70,000	13	*12*
	32	**30**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

8. EMPLOYEES (continued)

The emoluments of the Chief Executive and senior staff including pension contributions amounted to £801,887 *(2015: £958,810)*.

The Chief Executive is an ordinary member of the Growth Plan Money Purchase scheme administered by The Pensions Trust. It's a defined contribution scheme whereby he contributes 5% and Viridian contributes 10%. The money is paid on a monthly basis and The Pensions Trust invests the funds.

The executive directors and board members are considered to be key management personnel and their remuneration amounted to £979,818 *(2015: £838,770)*.

Reimbursement of expenses incurred for senior staff and Board Members amounted to £7,739 *(2015: £9,350)*. Payments were as follows:

GROUP AND ASSOCIATION

	2016				
EXECUTIVE DIRECTORS	**Remuneration /fees £**	**Pension contribution £**	**Expense allowance £**	**Compensation for loss of office £**	**Total emolument £**
N Apetroaie	162,952	16,284	3,512	-	182,748
M Campion	121,802	12,143	950	-	134,895
I Bacon	126,251	2,523	-	-	128,774
C Miller	116,965	11,686	-	-	128,651
N Ackcral	106,407	10,630	2,740	-	119,777
K Tromanhauser	103,868	10,376	187	-	114,431
	738,245	**63,642**	**7,389**	**-**	**809,276**

	2016				
BOARD MEMBERS	**Remuneration /fees £**	**Pension contribution £**	**Expense allowance £**	**Compensation for loss of office £**	**Total emolument £**
H Llewelyn-Davies	16,657	-	157	-	16,814
F Barras	10,500	-	74	-	10,574
R R Morton	10,500	-	71	-	10,571
P Roscrow	10,500	-	-	-	10,500
C Cheshire	7,875	-	-	-	7,875
J Cox	7,000	-	48	-	7,048
S Herelle	7,000	-	-	-	7,000
M J Lavers	4,663	-	-	-	4,663
W Cresswell	1,535	-	-	-	1,535
D Lingeman	1,535	-	-	-	1,535
	77,765	**-**	**350**	**-**	**78,115**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

8. EMPLOYEES (continued)

GROUP AND ASSOCIATION

EXECUTIVE DIRECTORS	2015 Remuneration /fees £	Pension contribution £	Expense allowance £	Compensation for loss of office £	Total emolument £
N Apetroaie	140,824	14,063	4,483	-	159,370
M Campion	106,641	10,627	1,287	-	118,555
I Bacon	25,681	513	-	-	26,194
C Miller	3,984	398	358	-	4,740
N Ackcral	3,638	363	1,046	-	5,047
K Tromanhauser	3,534	353	-	-	3,887
S Forster	109,932	10,985	40	108,853	229,810
M Fox	70,076	38,186	234	121,334	229,830
H Thomas	87,428	-	63	101,396	188,887
	551,738	**75,488**	**7,511**	**331,583**	**966,320**

BOARD MEMBERS	2015 Remuneration /fees £	Pension contribution £	Expense allowance £	Compensation for loss of office £	Total emolument £
H Llewelyn-Davies	16,500	-	1,714	-	18,214
F Barras	10,500	-	125	-	10,625
R R Morton	10,500	-	-	-	10,500
P Roscrow	10,500	-	-	-	10,500
C Cheshire	10,500	-	-	-	10,500
J Cox	6,000	-	-	-	6,000
S Herelle	6,000	-	-	-	6,000
M J Lavers	6,000	-	-	-	6,000
	76,500	**-**	**1,839**	**-**	**78,339**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Reconciliation of tax charge				
Surplus on ordinary activities before tax	29,976	*31,388*	30,418	*29,014*
Effect of exempt charitable activities	(27,038)	*(25,928)*	(28,117)	*(29,014)*
	2,938	*5,460*	2,301	-
Tax on surplus on ordinary activities at the standard corporation tax rate on 20.00% *(2015: 21.00%)*	588	*1,147*	460	-
Unrelieved tax losses and other deductions arising in the period	(128)	*(1,147)*	-	-
Deferred tax credit	(245)	-	-	-
Tax charge for period	**215**	**-**	**460**	**-**

Viridian Development Services Limited has accumulated tax losses of £1.4 million *(2015: £2.8 million).* A deferred tax asset of £245,000 has been recognised on the basis that the Company is expecting to have sufficient future trading profits to utilise the losses.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

10. (a) TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

GROUP	UNDER CONSTRUCTION		IN MANAGEMENT		
	Social housing £000	Shared ownership £000	Social housing £000	Shared ownership £000	2016 Total £000
Cost					
At 1 April 2015	26,803	20,617	991,056	74,883	1,113,359
Reclassifications to under construction	1,847	-	(5,490)	-	(3,643)
Reclassifications from freehold offices (note 10.b)	241	-	-	-	241
Additions	22,501	15,699	9,968	-	48,168
Schemes completed	(36,533)	(9,943)	36,533	9,943	-
Transfer to current assets	-	(97)	-	(1,256)	(1,353)
Disposals	-	-	(2,483)	(4,395)	(6,878)
Disposals - component write off	-	-	(1,673)	-	(1,673)
At 31 March 2016	**14,859**	**26,276**	**1,027,911**	**79,175**	**1,148,221**
Depreciation and impairments					
At 1 April 2015	-	-	101,914	2,676	104,590
Reclassifications to under construction	-	-	(3,643)	-	(3,643)
Charge for the year	-	-	11,384	405	11,789
Reversal of Impairment	-	-	(2,548)	-	(2,548)
Disposals	-	-	(194)	(152)	(346)
Disposals - component write off	-	-	(901)	-	(901)
At 31 March 2016	**-**	**-**	**106,012**	**2,929**	**108,941**
Net book value at 31 March 2016	**14,859**	**26,276**	**921,899**	**76,246**	**1,039,280**
Net book value at 31 March 2015	***26,803***	***20,617***	***889,142***	***72,207***	***1,008,769***

GROUP

Housing properties book value net of depreciation	**2016 £000**	***2015 £000***
Freehold land and buildings	862,817	*836,115*
Long (more than 50 years) leasehold land and buildings	145,723	*139,504*
Short (less than 50 years) leasehold land and buildings	30,740	*33,150*
	1,039,280	***1,008,769***

GROUP AND ASSOCIATION

Cumulative impairment charge	**2016 £000**	***2015 £000***
At 1 April	6,008	*6,008*
Released in the year (note 7)	(2,548)	-
At 31 March	**3,460**	***6,008***

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10. (a) TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (continued)

GROUP AND ASSOCIATION

Depreciation charge for the year	**2016 £000**	***2015 £000***
Annual depreciation charge	11,789	*11,087*
Accelerated depreciation on components written off*	772	*1,138*
Total charge to statement of comprehensive income (note 7)	**12,561**	***12,225***

* In the financial statements for the year ended 31 March 2015 the accelerated depreciation on components written off of £1,138,000 was included under the Note 7.a Surplus / (deficit) on sale of fixed assets. During 2016, the correction was made to include the accelerated depreciation in total depreciation charge for the year within operating expenditure.

GROUP AND ASSOCIATION

Works to existing properties	**2016 £000**	***2015 £000***
Amounts capitalised under component accounting	9,968	*9,234*
Amounts charged to income and expenditure account (note 3)	4,797	*3,694*
	14,765	***12,928***

Additions to housing properties under construction during the year included capitalised interest (at 3.1%, 2015: 3.4%) of £1,229,279 *(2015: £1,593,758)* for the Group (note 6).

The aggregate amount of capitalised interest included in tangible fixed assets at 31 March 2016 was £19,225,048 *(2015: £17,995,769)* for the Group.

ASSOCIATION	**UNDER CONSTRUCTION**		**IN MANAGEMENT**		
	Social housing £000	**Shared ownership £000**	**Social housing £000**	**Shared ownership £000**	**2016 Total £000**
Cost					
At 1 April 2015	26,803	20,804	994,833	77,550	1,119,990
Reclassifications to under construction	1,847	-	(5,490)	-	(3,643)
Reclassifications from freehold offices (note 10.b)	241	-	-	-	241
Additions	22,501	16,146	9,968	-	48,615
Schemes completed	(36,533)	(9,943)	36,533	9,943	-
Transfer to current assets	-	(97)	-	(1,256)	(1,353)
Disposals	-	-	(2,483)	(4,395)	(6,878)
Disposals - component write off	-	-	(1,673)	-	(1,673)
At 31 March 2016	**14,859**	**26,910**	**1,031,688**	**81,842**	**1,155,299**
Depreciation and impairments					
At 1 April 2015	-	-	101,914	2,676	104,590
Reclassifications to under construction	-	-	(3,643)	-	(3,643)
Charge for the year	-	-	11,384	405	11,789
Reversal of impairment	-	-	(2,548)	-	(2,548)
Disposals	-	-	(194)	(152)	(346)
Disposals - component write off	-	-	(901)	-	(901)
At 31 March 2016	**-**	**-**	**106,012**	**2,929**	**108,941**
Net book value at 31 March 2016	**14,859**	**26,910**	**925,676**	**78,913**	**1,046,358**
Net book value at 31 March 2015	**26,803**	**20,804**	**892,919**	**74,874**	**1,015,400**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

10. (a) TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (continued)

ASSOCIATION

Housing properties book value net of depreciation	2016 £000	*2015 £000*
Freehold land and buildings	869,895	*842,746*
Long (more than 50 years) leasehold land and buildings	145,723	*139,504*
Short (less than 50 years) leasehold land and buildings	30,740	*33,150*
	1,046,358	***1,015,400***

Additions to housing properties under construction during the year included capitalised interest (at 3.1%, 2015: 3.4%) of £1,219,000 (2015: £1,573,529) for the Association (note 6).

The aggregate amount of capitalised interest included in tangible fixed assets at 31 March 2016 was £18,866,026 (2015: £17,647,026) for the Association.

IMPAIRMENT

The Group considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with SORP 2014.

During the year, the Group considered the performance of the schemes which were previously impaired. For our rented key-worker scheme in Basingstoke void rates have improved substantially, resulting in occupancy levels that are in line with the expected performance of the scheme and this is expected to continue. At this level of occupancy the scheme produces a positive net present value over the life of the remaining lease period and so the impairment has been released in full £2.5 million *(2015: Nil).*

All other social rented schemes have been reviewed in the light of the 1% rent reduction imposed by the government and all schemes, while meeting all expected future repairing liabilities, are expected to produce a positive net present value (NPV) over 30 years, resulting in no charge.

10. (b) TANGIBLE FIXED ASSETS – OTHER

GROUP AND ASSOCIATION	Freehold offices £000	Computer & office equipment £000	Fixtures & fittings £000	2016 Total £000
Cost				
At 1 April 2015	10,958	5,769	3,343	**20,070**
Additions	295	182	59	**536**
Disposals	(797)	-	-	**(797)**
Transfer to housing properties under construction (note 10.a)	(480)	-	-	**(480)**
Fully depreciated assets derecognised	-	(854)	-	**(854)**
At 31 March 2016	**9,976**	**5,097**	**3,402**	**18,475**
Depreciation and Impairments				
At 1 April 2015	2,171	3,388	1,464	**7,023**
Charge for the year (note 7)	397	770	260	**1,427**
Disposals	(638)	-	-	**(638)**
Transfer to housing properties under construction (note 10.a)	(239)	-	-	**(239)**
Fully depreciated assets derecognised	-	(853)	-	**(853)**
At 31 March 2016	**1,691**	**3,305**	**1,724**	**6,720**
Net book value at 31 March 2016	**8,285**	**1,792**	**1,678**	**11,755**
Net book value at 31 March 2015	**8,787**	**2,381**	**1,879**	**13,047**

Sale of the freehold office relates to a disposal of the former office Viridian House, St Katherine's Terrace, Northampton. The office has been empty since 2014. Disposal achieved a surplus of £29,000 (note 7.a)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

10. (b) TANGIBLE FIXED ASSETS – OTHER (continued)

A derecognition of the substantially depreciated assets relates to computer equipment with £1,000 carrying value, which is no longer used in the business.

The transfer to housing properties under construction of £241,000 relates to Estra House, which was previously used as an office, and now has been identified as a development opportunity pending receipt of planning permission (note 10.a)

10. (c) INVESTMENT PROPERTIES

GROUP	In management £000	Under construction £000	Total £000
At 1 April 2015	77,713	670	**78,383**
Additions	-	410	**410**
Transfer to completed	159	(159)	-
At 31 March 2016	**77,872**	**921**	**78,793**

ASSOCIATION	In management £000	Under construction £000	Total £000
At 1 April 2015	54,813	147	**54,960**
Additions	-	12	**12**
Transfer to completed	159	(159)	-
At 31 March 2016	**54,972**	-	**54,972**

Additions to investment properties under construction during the year included capitalised interest (at 3.1%, 2015: 3.4%) of £12,938 *(2015: £Nil)* for the Group (note 6).

11. SUBSIDIARY UNDERTAKINGS

The Company's subsidiary undertakings are:

Name of Undertaking	Class of shareholding	Company status	Proportion of nominal value held directly
Middlesex First Limited	Ordinary	Active	100%
Viridian Development Services Limited	Ordinary	Active	100%
Viridian Property Investments Limited	Ordinary	Dormant	100%
Viridian Commercial Enterprises Limited	Ordinary	Dormant	100%
Viridian Facilities Management Limited	Ordinary	Dormant	100%
Viridian Homes For All Limited	Ordinary	Dormant	100%
Viridian Homes Limited	Ordinary	Dormant	100%
Viridian Development Homes Limited	Ordinary	Dormant	100%

NOTES TO THE FINANCIAL STATEMENTS
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12. INVESTMENTS

The Company holds the following investments:

GROUP AND ASSOCIATION

Name of Undertaking	Class of shareholding	Proportion of nominal value Directly held	Proportion of nominal value Indirectly held	Nature of Business
Ealing Care Alliance (Holdings) Limited	Ordinary	16%	-	Social Care

	£000
Cost	
At 1 April 2015	*2*
Disposals	-
At 31 March 2016	**2**

The Association holds a 16% beneficial interest in Ealing Care Alliance (Holdings) Limited, a holding company with its wholly owned subsidiary, Ealing Care Alliance Limited operating in social care.

13. PROPERTIES HELD FOR SALE

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Completed properties				
Shared ownership properties	4,492	*2,577*	*4,492*	*2,577*
Properties for outright sale	4,766	*394*	*4,766*	*394*
	9,258	2,971	*9,258*	*2,971*
Properties under construction				
Shared ownership properties	8,794	*10,461*	9,005	*8,438*
Properties for outright sale	12,423	*11,671*	100	*5,080*
	21,217	22,132	9,105	*13,518*
	30,475	**25,103**	**18,363**	***16,489***
Capitalised interest included in properties under construction:				
The amount of capitalised interest charged in the year	502	*463*	297	*390*

The aggregate amount of capitalised interest included in properties held for sale at 31 March 2016 was £1,262,263 (*2015: £876,193*) for the Group and £937,996 (*2015: 742,657*) for the Association.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

14. DEBTORS

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Amounts falling due within one year				
Rent and services receivable	4,653	*4,735*	4,653	*4,735*
Less: provision for bad and doubtful debts	(1,211)	*(1,265)*	(1,211)	*(1,265)*
	3,442	*3,470*	3,442	*3,470*
Loans to employees	35	*37*	35	*37*
Prepayments and accrued income	1,786	*1,395*	1,786	*1,395*
Other debtors	3,482	*2,610*	2,866	*2,082*
Other taxation and social security	-	*66*	-	*66*
Deferred tax asset (note 9)	245	-	-	-
Amounts due from subsidiary undertakings	-	-	1,027	*447*
Amounts due from related parties (note 28)	605	*605*	605	*605*
Debtors: amounts falling due within one year	**9,595**	***8,183***	**9,761**	***8,102***
Amounts falling due after more than one year				
Other debtors	358	*395*	358	*395*
Amounts due from subsidiary undertakings	-	-	13,666	*9,323*
Debtors: amounts receivable after more than one year	**358**	***395***	**14,024**	***9,718***

For any rental arrears arrangements in place, no net present value adjustment has been done, as the impact is immaterial.

15. CURRENT ASSET INVESTMENTS

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Cash deposits and other short term investments	67,627	*19,962*	67,627	*16,894*
	67,627	***19,962***	**67,627**	***16,894***

At 31 March 2016, there was £57.6 million (2015: £8.8 million) 'ring-fenced' cash in interest bearing bank accounts, this included £50 million from the AHF bond issue which will be available once property security has been pledged to secure the bond and other cash sums held by the company for specific purposes.

As at the end of the year there were £10 million freely available funds for the group placed on Money Market Funds.

All cash surpluses were invested in approved UK Institutions in accordance with Viridian's Treasury Management Policy.

Under certain financial instruments the Group is required to provide security to the counterparty where the Mark to Market value falls above a threshold of £21.7 million.

As at the end of March 2016, the group had Mark to Market exposure of £63.6 million. £16.8 million of the above threshold were utilised, with the rest of the exposure covered by £45.1 million property assets and £1.7 million collateral included in other short-term investments above.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Bank overdrafts (note 22)	1,208	*1,452*	1,208	*1,452*
Housing loans (note 22)	46,102	*2,723*	45,818	*2,431*
Trade creditors	499	*929*	499	*929*
Loan interest accruals	2,007	*2,056*	2,007	*2,056*
Recycled capital grant fund (note 18)	3,503	*8,704*	3,503	*8,704*
Deferred capital grant (note 20)	4,426	*4,329*	4,426	*4,329*
Rent and service charges received in advance	3,297	*2,999*	3,297	*2,999*
Other creditors	3,965	*3,712*	3,965	*3,712*
Other taxation and social security costs	1,274	*677*	1,274	*677*
Accruals and deferred income	9,992	*8,705*	9,279	*7,728*
Unpaid contribution for retirement benefits	227	*210*	227	*210*
Development creditors	3,641	*866*	4,131	*2,033*
Amounts owed to subsidiary undertaking	-	*-*	751	*30*
	80,141	***37,362***	**80,385**	***37,290***

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Housing loans (note 22)	396,462	*386,602*	386,035	*375,900*
Other financial instruments (note 21)	54,336	*64,116*	51,350	*60,844*
Deferred capital grant (note 20)	389,366	*391,161*	389,366	*391,161*
Recycled capital grant fund (note 18)	11,934	*4,442*	11,934	*4,442*
Development creditors	-	*748*	-	*748*
Disposal proceeds fund (note 19)	57	*56*	57	*56*
	852,155	***847,125***	***838,742***	***833,151***

Included within housing loans are amounts falling due after more than five years:

Amount repayable other than by instalments	293,845	*300,513*	285,198	*291,347*
Amount repayable by instalments	51,319	*-*	51,319	*-*
	345,164	***300,513***	**336,517**	***291,347***

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

18. RECYCLED CAPITAL GRANT FUND

GROUP AND ASSOCIATION Funds pertaining to activities within areas covered by:	**HCA 2016 £000**	**GLA 2016 £000**	**Total 2016 £000**	***HCA 2015 £000***	***GLA 2015 £000***	***Total 2015 £000***
Opening balance	4,040	9,106	**13,146**	*4,808*	*6,860*	***11,668***
Inputs to RCGF:						
Grants released on disposals (note 20)	199	3,538	**3,737**	*367*	*3,069*	***3,436***
Grant abatement (note 7.a)	-	(660)	**(660)**	-	-	-
Grant liability passed to the buyer	-	-	-	-	*(876)*	***(876)***
Total grant released	199	2,878	3,077	*367*	*2,193*	***2,560***
Interest liability accrued (note 6)	28	44	**72**	*9*	*53*	***62***
Total inputs to RCGF	**227**	**2,922**	**3,149**	***376***	***2,246***	***2,622***
Recycling of grant:						
New build (note 20)	-	(827)	**(827)**	*(1,144)*	-	***(1,144)***
Allowable admin charge on disposal	(6)	(25)	**(31)**	-	-	-
Total RCGF used	**(6)**	**(852)**	**(858)**	***(1,144)***	-	***(1,144)***
Closing balance as at 31 March	**4,261**	**11,176**	**15,437**	***4,040***	***9,106***	***13,146***
Amounts 3 years or older:	3,664	6,860	**10,524**	*2,498*	*6,206*	***8,704***
Amounts 3 years or older where repayment may be required:	15	3,488	**3,503**	*1,485*	*1,137*	***2,622***
Included in recycled capital grant fund are:						
Amounts falling due within one year (note 16)	15	3,488	**3,503**	*2,498*	*6,206*	***8,704***
Amounts falling due after more than one year (note 17)	4,246	7,688	**11,934**	*1,542*	*2,900*	***4,442***
	4,261	**11,176**	**15,437**	***4,040***	***9,106***	***13,146***

There has been a change in the classification of the amounts falling due within one year: in 2015, amounts 3 years or older were classified as falling due within one year. During 2016 we reviewed these balances and established that the majority of the RCGF amounts which are three years or older are already allocated to the future development programme, which is currently fully applied to the schemes on the GLA grants monitoring system. This means that these amounts are not at risk of repayment as the GLA has accepted that it is due to be used.

The remaining balance of RCGF unallocated to "firm" schemes at the end of March 2016 is £3,503,000. Viridian will be requesting a rollover of these funds, which we expect to be granted. Our New Business team have several schemes in the pipeline to which these RCGF balances could be applied.

As a result of the review, only amounts which are at risk of the repayments are now classified as amounts falling due within one year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

19. DISPOSALS PROCEEDS FUND

GROUP AND ASSOCIATION		**HCA**	**GLA**	**Total**	***HCA***	***GLA***	***Total***
		2016	**2016**	**2016**	***2015***	***2015***	***2015***
Funds pertaining its activities within areas covered by:		**£000**	**£000**	**£000**	***£000***	***£000***	***£000***
Opening Balance		56	-	56	*56*	-	*56*
Inputs to RCGF:	Funds recycled	-	-	-	-	-	-
	Net PRTB receipts	-	-	-	-	-	-
	Interest accrued	1	-	1	-	-	-
Recycling of grant:	New build	-	-	-	-	-	-
Closing Balance		**57**	**-**	**57**	***56***	**-**	***56***
Amounts 3 years or older where repayment may be required:		-	-	-	-	-	-

20. DEFERRED CAPITAL GRANT

GROUP AND ASSOCIATION	**2016** **£000**	***2015*** ***£000***
Opening balance as at 1 April	**395,490**	***400,887***
GLA programme grant receipts	1,300	*1,224*
Local authorities grant receipts	4,338	-
RCGF grant allocated (note 18)	827	*1,144*
	6,465	***2,368***
Grants released on disposals (note 18)	(3,737)	*(3,436)*
Annual grant amortisation released (note 7)	(4,426)	*(4,329)*
	(8,163)	***(7,765)***
Closing Balance as at 31 March	**393,792**	***395,490***

Included in deferred capital grant fund are:

Amounts falling due within one year (note 16)	4,426	*4,329*
Amounts falling due after more than one year (note 17)	389,366	*391,161*
	393,792	***395,490***

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

21. FINANCIAL INSTRUMENTS

	GROUP		ASSOCIATION	
	2016	*2015*	2016	*2015*
	£'000	*£'000*	£'000	*£'000*
Financial assets:				
Debt instruments measured at amortised cost	8,046	*7,255*	22,491	*16,892*
Hedge accounted financial assets at fair value	50	*124*	50	*104*
	8,096	**7,379**	**22,541**	***16,996***
Financial liabilities:				
Debt instruments measured at amortised cost	478,622	*419,126*	466,401	*406,821*
Other financial liabilities measured at fair value:				
Other financial liabilities hedge accounted	46,130	*51,352*	43,144	*48,079*
Other financial liabilities not hedge accounted	8,206	*12,764*	8,206	*12,764*
	54,336	**64,116**	**51,350**	***60,843***
As at 31 March	**532,958**	**483,242**	**517,751**	***467,664***

As at the year end the Group had a number of hedging arrangements to mitigate the risk of exposure to fluctuations in variable interest rates. The derivatives shown below are designated as cash flow hedges in respect of variable rate of interest payments on borrowings.

£163.3 million (2015: £173.6 million) of the Group's debt was hedged by stand alone and embedded derivatives, of which £40.0 million were interest rate caps (2015: £40.0 million) and £15.0 million (2015: £25.0 million) were RPI linked swaps.

A description of the financial instruments designated as hedging instruments and their fair values at the reporting date:

	Average contract fixed interest rate	Nominal principal value	Fair value as at 31 March 2016	Fair value as at 31 March 2015
GROUP	**%**	**£000**	**£000**	**£000**
The periods when the cash flows are expected to occur:				
1 - 2 years	4.61	5,000	387	545
5 years or more	3.97 - 5.31	93,331	45,743	50,807
		98,331	**46,130**	**51,352**
ASSOCIATION	**%**	**£000**	**£000**	**£000**
The periods when the cash flows are expected to occur:				
1 - 2 years	4.61	5,000	387	545
5 years or more	3.97 - 5.31	82,500	42,757	47,534
		87,500	**43,144**	**48,079**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

RECONCILIATION OF OTHER FINANCIAL LIABILITIES MEASURED AT FAIR VALUE:

GROUP	**Other financial liabilities at fair value £'000**	**Impact on cash flow hedge reserve £'000**	**Impact on surplus for the year £'000**
Opening fair value as at 1 April 2014:			
Hedge accounted derivatives	30,001	(23,700)	(6,301)
Non-hedge accounted derivatives	10,957	-	(10,957)
Total as at 1 April 2014 (note 29)	**40,958**	**(23,700)**	**(17,258)**
Change in fair value for the year ended 31 March 2015:			
Hedge accounted derivatives	21,351	(24,194)	2,843
Non-hedge accounted derivatives	1,807	-	(1,807)
Swap cancellation cost at mid-market value	-	-	(896)
Total movement for the year (note 29)	**23,158**	**(24,194)**	**140**
Closing balance as at 31 March 2015	**64,116**	**(47,894)**	
Change in fair value for the year ended 31 March 2016:			
Hedge accounted derivatives	(5,222)	2,945	2,277
Non-hedge accounted derivatives	(4,558)	-	4,558
Swap cancellation cost at mid-market value	-	-	(5,574)
Total movement for the year	**(9,780)**	**2,945**	**1,261**
Closing balance as at 31 March 2016	**54,336**	**(44,949)**	

ASSOCIATION	**Other financial liabilities at fair value £'000**	**Impact on cash flow hedge reserve £'000**	**Impact on surplus for the year £'000**
Opening fair value as at 1 April 2014:			
Hedge accounted derivatives	27,835	(21,534)	(6,301)
Non-hedge accounted derivatives	10,957	-	(10,957)
Total as at 1 April 2014	**38,792**	**(21,534)**	**(17,258)**
Change in fair value for the year ended 31 March 2015:			
Hedge accounted derivatives	20,244	(23,087)	2,843
Non-hedge accounted derivatives	1,807	-	(1,807)
Swap cancellation cost at mid-market value	-	-	(896)
Total movement for the year	**22,051**	**(23,087)**	**140**
Closing balance as at 31 March 2015	**60,843**	**(44,621)**	
Change in fair value for the year ended 31 March 2016:			
Hedge accounted derivatives	(4,935)	2,658	2,277
Non-hedge accounted derivatives	(4,558)	-	4,558
Swap cancellation cost at mid-market value	-	-	(5,574)
Total movement for the year	**(9,493)**	**2,658**	**1,261**
Closing balance as at 31 March 2016	**51,350**	**(41,963)**	

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For the year ended 31 March 2016

21. FINANCIAL INSTRUMENTS (continued)

RECONCILIATION OF OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE:

	GROUP		ASSOCIATION	
	Financial instrument assets at fair value £'000	Impact on cash flow hedge reserve £'000	Financial instrument assets at fair value £'000	Impact on cash flow hedge reserve £'000
Hedge accounted financial assets	49	(49)	3	(3)
Total as at 1 April 2014	**49**	**(49)**	**3**	**(3)**
Change in fair value for the year ended 31 March 2015:				
Hedge accounted financial assets	75	(75)	101	(101)
Closing balance as at 31 March 2015	**124**	**(124)**	**104**	**(104)**
Change in fair value for the year ended 31 March 2016:				
Hedge accounted financial assets	(74)	74	(55)	55
Total movement for the year	**(74)**	**74**	**(55)**	**55**
Closing balance as at 31 March 2016	**50**	**(50)**	**50**	**(50)**

RECONCILIATION OF CASH FLOW HEDGE RESERVE MOVEMENT:

	GROUP £'000	ASSOCIATION £'000
Opening balance as at 1 April 2014:		
Hedge accounted financial assets	49	3
Hedge accounted liabilities	(23,700)	(21,534)
Total as at 1 April 2014	**(23,651)**	**(21,531)**
Change in fair value for the year ended 31 March 2015:		
Hedge accounted financial assets	75	101
Hedge accounted liabilities	(24,194)	(23,087)
Total movement for the year through other comprehensive income	**(24,119)**	**(22,986)**
Closing balance as at 31 March 2015	**(47,770)**	**(44,517)**
Change in fair value for the year ended 31 March 2016:		
Hedge accounted financial assets	(74)	(54)
Hedge accounted liabilities	2,945	2,658
Total movement for the year through other comprehensive income	**2,871**	**2,604**
Closing balance as at 31 March 2016	**(44,899)**	**(41,913)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

22. BORROWINGS

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£'000	**£'000**	**£'000**	**£'000**
Creditors: amounts falling due within one year:				
Bank overdrafts (note 16)	1,208	*1,452*	1,208	*1,452*
Bank loans	43,817	*533*	43,533	*241*
Other loans	2,285	*2,190*	2,285	*2,190*
Total housing loans (note 16)	46,102	2,723	45,818	2,431
	47,310	**4,175**	**47,026**	***3,883***
Creditors: amounts falling due after more than one year:				
Bank loans	297,320	*336,682*	286,893	*325,980*
Other loans	99,142	*49,920*	99,142	*49,920*
Total housing loans (note 17)	**396,462**	***386,602***	386,035	***375,900***
	443,772	***390,777***	433,061	***379,783***

Viridian Housing Group is funded by a number of loans and bonds from different financial institutions. The bank overdraft is unsecured, but all other loans are secured by fixed charges on certain housing properties.

As at 31 March 2016 the Group's total borrowings, excluding overdrafts, were £442.2 million (*2015: £389.3 million*) out of total loan facilities of £580.7 million (*2015: £483.3 million*). Viridian has an overdraft facility of £2.0 million, which was drawn at £1.2 million at 2016 (*2015: £1.5 million*). The total loan facilities include a £50 million bond and £50 million loan recently agreed and in the process of being securitised.

Included in the debt analysis is a net figure of £0.3 million (*2015: £4.6 million*) which arises from the premium on a bond that was issued during the year (£1.7 million), the historic revaluation of earlier bonds (£1.1 million) and the unamortised element of the issue fees of the debt instruments (£2.5 million).

The weighted average interest rate was 3.1% (*2015: 3.4%*).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

23. PROVISIONS FOR LIABILITIES

GROUP AND ASSOCIATION	**SHPS/ The Growth Plan pension provision £000**	**LGPS pension provision £000**	**Total pension provisions £000**	**Holiday pay provision £000**	**Temporary housing dilapidation provision £000**	**Total other provisions £000**	**Total £000**
1 April 2015	7,791	512	**8,303**	292	284	**576**	**8,879**
Other provision utilised	-	-	-	(42)	3	**(39)**	**(39)**
Pension provision:							
Re-measurements - amendments to the contribution schedule/change in assumptions	3,247	44	**3,291**	-	-	-	**3,291**
Unwinding of discount factor (interest expense)	140	15	**155**	-	-	-	**155**
Deficit contribution paid in year (note 27)	(852)	(32)	**(884)**	-	-	-	**(884)**
Actuarial gain	-	(87)	**(87)**	-	-	-	**(87)**
At 31 March 2016	**10,326**	**452**	**10,778**	**250**	**287**	**537**	**11,315**

The SHPS/The Growth plan pension provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past deficits.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

Details in respect of pension provisions are provided in note 27.

A provision for holiday pay (i.e. holiday earned but not taken prior to the year-end) represents a cost of short-term compensated absences and is recognised when employees render the service that increases their entitlement.

Temporary housing dilapidation provision is made in advance for payments due at the end of the lease in respect of any damage done to the premises.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

24. RECONCILIATION OF SURPLUS AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	Notes	2016 £000	*2015 £000*
Surplus for the year after tax		29,761	*31,388*
Adjusted for:			
Depreciation of housing properties	7	12,561	*12,225*
Depreciation of other tangible fixed assets	7	1,427	*1,040*
Impairment reversal	7	(2,548)	-
Deferred capital grant amortisation	7	(4,426)	*(4,329)*
Fair value gains on investment properties		-	*(4,066)*
Actuarial movements on pension schemes net of contributions paid		2,395	*(438)*
Fair value gains on financial instruments	21	(1,261)	*(140)*
Decrease in other provisions	23	(39)	*(75)*
Net gains on disposal of tangible fixed assets	7.a	(2,358)	*(6,582)*
Interest receivable	5	(189)	*(187)*
Interest payable	6	11,449	*12,228*
Taxation	9	(215)	-
Operating cash flow before movements in working capital		46,557	*41,064*
Increase in properties held for sale	13	(5,372)	*(5,269)*
(Increase)/decrease in trade and other debtors net of deferred tax asset	14	(1,130)	*2,024*
Decrease in creditors		(398)	*(1,393)*
NET CASH GENERATED FROM OPERATIONS		**39,657**	***36,426***
Cash and cash equivalents:			
Cash and cash equivalents represent			
Cash at bank		12,724	*13,719*
Overdraft (note 16)		(1,208)	*(1,452)*
Net cash as at 31 March		**11,516**	***12,267***

25. CAPITAL COMMITMENTS

	GROUP		ASSOCIATION	
	2016 £000	*2015 £000*	2016 £000	*2015 £000*
Capital expenditure contracted for but not provided for	50,914	*34,388*	48,782	*26,414*
Expenditure authorised, but not yet contracted	-	-	-	-
	50,914	***34,388***	**48,782**	***26,414***

It is anticipated that the above expenditure will be funded by loans, social housing grant, proceeds from the sale of properties and the Association's income and expenditure reserve.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

26. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		ASSOCIATION	
	2016	***2015***	**2016**	***2015***
	£000	***£000***	**£000**	***£000***
Temporary accommodation, amounts due:				
Within one year	156	156	156	156
Between one and five years	531	568	531	568
After five years	455	573	455	573
	1,142	**1,297**	**1,142**	**1,297**
Motor vehicles, amounts due:				
Within one year	350	154	350	154
Between one and five years	567	319	567	319
	917	**473**	**917**	**473**
Land and buildings, amounts due:				
Within one year	172	172	172	172
Between one and five years	688	688	688	688
Between one and five years	2,752	2,924	2,752	2,924
	3,612	**3,784**	**3,612**	**3,784**
Offices, amounts due:				
Within one year	56	55	56	55
Between one and five years	17	73	17	73
	73	**128**	**73**	**128**
	5,744	**5,682**	**5,744**	**5,682**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

27. RETIREMENT BENEFITS

27.1. Social Housing Pension Scheme (including The Growth Plan)

Viridian Housing participates in the scheme, a multi-employer scheme which provides benefits to some 1,800 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for Viridian Housing to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore Viridian Housing is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

27.1.1. Social Housing Pension Scheme

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123 million, liabilities of £4,446 million and a deficit of £1,323 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6 million per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6 million per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7 million per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7 million per annum (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062 million, liabilities of £3,097 million and a deficit of £1,035 million. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

27.1.2. The Growth Plan

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780 million, liabilities of £928 million and a deficit of £148 million. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2013 to 31 March 2023:	£13.9 million per annum (payable monthly and increasing by 3% each on 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793 million, liabilities of £970 million and a deficit of £177 million. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

Series 1 From 1 April 2016 to 30 September 2025:	£12.9 million per annum (payable monthly and increasing by 3% each on 1st April)
Series 2 From 1 April 2016 to 30 September 2028:	£0.05 million per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

27. RETIREMENT BENEFITS (continued)

Where the scheme is in deficit and where Viridian Housing has agreed to a deficit funding arrangement Viridian Housing recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2016 £000	*2015 £000*
Provision at 1 April	7,791	*8,002*
Unwinding of the discount factor (interest expense)	140	*227*
Deficit contributions paid	(852)	*(820)*
Re-measurements - amendments to the contribution schedule / change in assumptions (note 23)	3,247	*382*
Provision at 31 March	**10,326**	***7,791***

INCOME AND EXPENDITURE IMPACT

	2016 £000	*2015 £000*
Interest expense	140	*227*
Re-measurements - amendments to the contribution schedule / change in assumptions (note 23)	3,247	*381*
	3,387	***608***

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06 - 2.07	1.74 - 1.92	2.82 - 3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.
The following schedule details the deficit contributions agreed between Viridian Housing and the scheme at each year end:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	2016 £000	*2015 £000*
Year 1	1,164	*852*
Year 2	1,207	*886*
Year 3	1,252	*919*
Year 4	1,298	*955*
Year 5	1,180	*993*
Year 6	1,051	*866*
Year 7	1,088	*728*
Year 8	990	*754*
Year 9	885	*530*
Year 10	850	*410*
Year 11	406	*422*
Year 12	-	*218*
	11,371	***8,533***

NOTES TO THE FINANCIAL STATEMENTS
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27. RETIREMENT BENEFITS (continued)

Viridian Housing recognises a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as finance cost in the year in which it arises.

It is these contributions that have been used to derive the Viridian Housing's balance sheet liability.

27.2. Local Government Pension Scheme (LGPS) - Pension Funds

The Association is a member of two LGPS pension funds. The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement. The administering authorities for the Fund are the London Borough of Barnet and London Borough of Ealing.

Contributions are set every three years as a result of the actuarial valuation of the Funds required by the Regulations. The next actuarial valuation of the Funds will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Details of the actuarial assumptions for FRS 102 purposes have not been provided due to immateriality. The position for each fund has been aggregated above.

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2016 £000	*2015 £000*
Provision at 1 April	512	*143*
Current service cost	44	*38*
Unwinding of the discount factor (interest expense)	15	*3*
Contributions paid	(32)	*(35)*
Actuarial (gain) / loss	(87)	*363*
Provision at 31 March	**452**	***512***

INCOME AND EXPENDITURE IMPACT

	2016 £000	*2015 £000*
Interest expense	15	*3*
Re-measurements – impact of any change in assumptions through other comprehensive income	(87)	*363*
	(72)	*366*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

28. RELATED PARTY TRANSACTIONS

Transactions between the Association and its related parties are disclosed below:

	Investments	
	2016	***2015***
	£000	***£000***
Loans given during the year	-	-
Amounts owed by related parties at year end	1,430	*1,443*
Amounts owed to related parties at year end	-	-
Dividends paid to directors	-	-

Amounts due from related parties disclosed in note 14 relates to a loan of £604,800 given to Ealing Care Alliance (Holdings) Limited. Interest accrues at 13.5% pa (£81,648 pa) and the loan is considered to be due on demand.

The Group provided care services to Ealing Care Alliance Limited, the wholly owned subsidiary of Ealing Care Alliance (Holdings) Limited, at a cost of £9,646,000 (*2015: £9,277,000*). At the balance sheet date, £825,019 (*2015: £ 838,915*) was due from Ealing Care Alliance Limited, which is included within other debtors in note 14 to the financial statements. The following were the Viridian directors of Ealing Care Alliance Limited:

- At 31 March 2015 P Roscrow and M Campion
- At 31 March 2016 M Campion

The Group has taken advantage of the exemption under FRS 102 not to disclose related party transactions for wholly-owned entities.

During the year Viridian Housing had the following intra-group transactions with non-regulated entities which form part of the Group:

		2016	***2015***	
Subsidiary/Non-regulated entity	**Recharges**	**£000**	***£000***	**Allocation basis**
Viridian Development Services Limited	Waiver of intercompany balances	-	463	Actual costs incurred
Viridian Development Services Limited	Development staff costs	973	650	Staff full time equivalent, gross salaries
Middlesex First Limited	Service payments, management fees	2,538	2,551	Contractual amounts

At 31 March 2016 Viridian Housing had the following intra-group onlending balances with non-regulated entities which form part of the Group:

		2016	***2015***
Subsidiary/Non-regulated entity	**Purpose of the loan**	**£000**	***£000***
Viridian Development Services Limited	Cash flow in respect of development activities	11,750	7,355
Middlesex First Limited	Operational cash flow	1,916	1,969

During the year Viridian Housing had the following interest payments in respect of intra-group loan balances with non-regulated entities which form part of the Group:

	2016	***2015***
Subsidiary/non-regulated entity	**£000**	***£000***
Viridian Development Services Limited	824	633
Middlesex First Limited	170	175

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. FIRST TIME ADOPTION OF FRS 102

These financial statements are the first financial statements of Viridian Housing prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The financial statements of Viridian Housing for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Board have amended certain accounting policies to comply with FRS 102.

Comparative figures have been restated to reflect the adjustments made. Adjustments are recognised directly within reserves at the transition date of 31 March 2014.

The effect of the FRS 102 restatements for both the Group and Association are presented below by:

(i) Reconciliation of capital and reserves as at 31 March 2014;
(ii) Reconciliation of capital and reserves as at 31 March 2015, including reconciliation of 2015 surplus;

Under FRS 102, the Statement of cash flows presents changes in cash and cash equivalents (which includes cash in hand, deposits repayable on demand, as well as overdrafts and short-term highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. FIRST TIME ADOPTION OF FRS 102

(i) RECONCILIATION OF CAPITAL AND RESERVES AS AT 1 APRIL 2014 – GROUP

	Notes	Income and expenditure reserve	Restricted reserves	Cash flow hedge reserve	Total capital and reserves
		£000	£000	£000	£000
Balance (previous UK GAAP) as at 1 April 2014		256,755	830	-	257,585
Prior period error correction:					
Correction of restricted reserves balances		-	2	-	2
Effect of corrected costs of assets	E	(359)	-	-	(359)
Recognition of LGPS deficit	E	(143)	-	-	(143)
Effect of correction of group consolidation	E	2,112	-	-	2,112
Total corrections		**1,610**	**2**	**-**	**1,612**
Restatements to FRS 102:					
Reclassification of grant under performance model	A	828	-	-	828
Effect of grant amortisation	A	56,059	-	-	56,059
Effect of reclassification of investment properties	A	8,797	-	-	8,797
Fair value gain on investment properties	A	28,413	-	-	28,413
Effect of grossed-up depreciation	A	(41,303)	-	-	(41,303)
Recognition of fair value of interest rate swaps	B	(17,258)	-	(23,651)	(40,909)
Other financial instruments derivatives restatements	B	4,632	-	-	4,632
Recognition of SHPS deficit liability	C	(8,002)	-	-	(8,002)
Recognition of holiday pay provision	D	(297)	-	-	(297)
Total FRS 102 restatements		**31,869**	**-**	**(23,651)**	**8,218**
Balance (FRS 102 restated) as at 1 April 2014		**290,234**	**832**	**(23,651)**	**267,415**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. FIRST TIME ADOPTION OF FRS 102

(i) RECONCILIATION OF CAPITAL AND RESERVES AS AT 1 APRIL 2014 – ASSOCIATION

	Notes	Income and expenditure reserve	Restricted reserves	Cash flow hedge reserve	Total capital and reserves
		£000	£000	£000	£000
Opening balance (previous UK GAAP)		262,428	830	-	263,258
Prior period error correction:					-
Correction of restricted reserves balances		-	2	-	2
Effect of corrected costs of assets	E	(355)	-	-	(355)
Recognition of LGPS scheme deficit	E	(143)	-	-	(143)
Total corrections		**(498)**	**2**	**-**	**(496)**
Restatements to FRS 102:					
Reclassification of grant under performance model	A	828	-	-	828
Effect of grant amortisation	A	56,059	-	-	56,059
Effect of reclassification of investment properties	A	5,534	-	-	5,534
Fair value gain on investment properties	A	21,229	-	-	21,229
Effect of grossed-up depreciation	A	(41,303)	-	-	(41,303)
Recognition of fair value of interest rate swaps	B	(17,258)	-	(21,531)	(38,790)
Other financial instruments derivatives restatements	B	4,632	-	-	4,632
Recognition of SHPS deficit liability	C	(8,002)	-	-	(8,002)
Recognition of holiday pay provision	D	(297)	-	-	(297)
Total restatements		**21,422**	**-**	**(21,531)**	**(109)**
FRS 102 restated opening balance		**283,352**	**832**	**(21,531)**	**262,653**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. FIRST TIME ADOPTION OF FRS 102

(ii) RECONCILIATION OF CAPITAL AND RESERVES AS AT 31 MARCH 2015 - GROUP

	Notes	Income and expenditure reserve	Restricted reserves	Cash flow hedge reserve	Total capital and reserves
		£000	£000	£000	£000
Balance (FRS 102 restated) as at 1 April 2014		**290,234**	**832**	**(23,651)**	**267,415**
Surplus for the year (previous UK GAAP)		24,691	-	-	24,691
Prior Period Error Corrections:					
Effect of restated cost of assets	E	(175)	-	-	(175)
Other LGPS costs	E	(6)	-	-	(6)
Effect of correction of group consolidation	E	(382)	-	-	(382)
Total corrections		**(563)**	**-**	**-**	**(563)**
Adjustments to transition to FRS 102:					
Effect of grant amortisation	A	4,330	-	-	4,330
Effect of re-classification of assets	A	(254)	-	-	(254)
Movement on fair value of investment properties	A	4,066	-	-	4,066
Effect of grossed-up depreciation	A	(2,414)	-	-	(2,414)
Change in fair value of interest rate swaps (note 21)	B	140	-	-	140
Reclassification of swaps cancellation costs (note 6)	B	896	-	-	896
Other financial instruments restatements	B	280	-	-	280
Movement in the SHPS pension deficit	C	211	-	-	211
Movement in the year on holiday pay provision	D	5	-	-	5
Total FRS 102 adjustments		**7,260**	**-**	**-**	**7,260**
Surplus for the year		**31,388**	**-**	**-**	**31,388**
Actuarial loss in respect of LGPS (note 27)	C	(363)	-	-	(363)
Change in fair value of hedged financial instrument (note 21)	B	-	-	(24,119)	(24,119)
Total comprehensive income for the year		**31,025**	**-**	**(24,119)**	**6,906**
Balance as at 31 March 2015		**321,259**	**832**	**(47,770)**	**274,321**

NOTES TO THE FINANCIAL STATEMENTS
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29. FIRST TIME ADOPTION OF FRS 102

(ii) RECONCILIATION OF CAPITAL AND RESERVES AS AT 31 MARCH 2015 - ASSOCIATION

	Notes	Income and expenditure reserve £000	Restricted reserves £000	Cash flow hedge reserve £000	Total capital and reserves £000
Balance (FRS 102 restated) as at 1 April 2014		**283,352**	**832**	**(21,531)**	**262,653**
Surplus for the year (previous UK GAAP)		23,774	-	-	23,774
Prior period error corrections:					
Effect of restated cost of assets	E	(175)	-	-	(175)
Other LGPS costs	E	(6)	-	-	(6)
Total corrections		**(181)**	**-**	**-**	**(181)**
Adjustments to transition to FRS 102:					
Effect of grant amortisation	A	4,330	-	-	4,330
Effect of re-classification of assets	A	(663)	-	-	(663)
Movement on fair value of investment properties	A	2,636	-	-	2,636
Effect of grossed-up depreciation	A	(2,414)	-	-	(2,414)
Change in fair value of interest rate swaps (note 21)	B	140	-	-	140
Other financial instruments restatements	B	280	-	-	280
Reclassification of swaps cancellation costs (note 6)	B	896	-	-	896
Movement in the SHPS pension deficit	C	211	-	-	211
Movement in the year on holiday pay provision	D	5	-	-	5
Total FRS 102 adjustments		**5,421**	**-**	**-**	**5,421**
Surplus for the year ended 31 March 2015		**29,014**	**-**	**-**	**29,014**
Actuarial loss in respect of LGPS (note 27)	E	(363)	-	-	(363)
Change in fair value of hedged financial instrument (note 21)	B	-	-	(22,986)	(22,986)
Total comprehensive income for the year		**28,651**	**-**	**(22,986)**	**5,665**
Balance as at 31 March 2015		**312,003**	**832**	**(44,517)**	**268,318**

These transitional notes provide detailed reconciliations and descriptions of the effect of the transition to FRS 102 on capital and reserves at the date of transition to FRS 102 and for comparative period for both the Group and Association.

In addition, corrections of prior year errors and transitional FRS 102 adjustments are presented within the balance sheets for both the Group and Association, as at 31 March 2014 and 31 March 2015.

Further details of material restatements are provided below:

A. Housing properties and social housing grants

— **Government grants**

Under previous UK GAAP, social housing grants were deducted from the carrying values of housing properties and depreciation was based on the net position.

Under FRS 102 and in line with the SORP 2014, at 31 March 2014 £456,869,000 of grants were reclassified to deferred capital grant liabilities and amortised on a systematic basis over the life of the corresponding asset (the Group's accounting policy choice is to apply cost accounting, so the accruals model of grant treatment is applied).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

29. FIRST TIME ADOPTION OF FRS 102

Additionally, an amount of £1,419,000, in respect of other charitable grants which was previously deducted from the carrying value of housing properties, has been analysed and reclassified between deferred capital grants of £591,000 and the remainder of £828,000 recognised directly in reserves under the performance model.

The effect of accumulated grant amortisation of £56,059,000 is reflected within reserves as at 31 March 2014. The effect of restated amortisation during the year ended 31 March 2015 was £4,329,000.

— **Reclassification of housing assets to investment properties**

SORP 2014 requires classification of every housing property either as a Property, Plant and Equipment ("PPE") or Investment Properties ("IP") with the distinction made in relation to its intended use. Properties held purely for a financial return (rents, capital appreciation, mix of both, etc.) are classified as IP whereas properties held primarily for social purposes are classified as PPE.

For the properties, which were re-classified to IP, transitional adjustments as at 1 April 2014 included reclassification of costs from housing properties and from freehold offices (£31,119,000). Associated accumulated depreciation was reversed and reserves were increased by £8,797,000 for the Group and £5,534,000 for the Association in respect of carrying these properties at valuation.

For the year ended 31 March 2015, the reclassification of assets resulted in the reduction in income and expenditure reserve of £254,000 for the Group and £663,000 for Association, as depreciation was no longer charged in respect of these investment properties.

— **Fair value gain on investment properties**

Properties classified as investment properties were valued by independent professional valuers. Various investment methodologies have been adopted in order to arrive at fair value (FV). The overall FV gain as at 31 March 2014 was £28,413,000 for the Group and £21,229,000 for the Association.

Further valuations as at 31 March 2015 resulted in gains for the year of £4,066,000 for the Group and £2,636,000 for the Association.

— **Effect of grossed-up depreciation**

As a result of the reclassification of the grant from housing properties to liabilities, the accumulated depreciation charge on housing properties increased by £41,303,000 at the transition date. Restated depreciation charges during the year 31 March 2015 were increased by £2,414,000 for both the Group and Association.

B. Non-basic financial instruments

— **Non-basic financial instruments recognition**

The Group was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in profit or loss when the instruments were settled. Derivative financial instruments are classified as 'other financial instruments' in FRS 102 and are recognised as financial assets or financial liabilities, at fair value, when an entity becomes party to the contractual provisions of the instrument.

Consequently derivative net financial liabilities of £40,909,000 for the Group and £38,790,000 for the Association have been recognised in the opening balance sheet at 1 April 2014 (note 21).

The effect on income and expenditure reserve at 1 April 2014 was £17,258,000 for both the Group and Association. For 2015, the effect of the movement in fair value of derivative financial instruments, reflected in the Income and expenditure, was £1,036,000. Details of the movements in respect of the cash flow hedge reserve are included in Note 21.

— **Other financial instruments restatements**

Under previous UK GAAP, included within the long-term creditors was accrued interest, in respect of two RPI-linked swaps, totalling £4,785,000. As the fair value of derivatives already takes into account accumulated interest, these amounts were derecognised to avoid duplication. In addition, included in other financial instruments restatements is write off the amount of £153,000 in respect of derivatives arrangement costs.

Further restatement to income and expenditure during 2015 was £425,000 in respect of RPI-linked swaps and £145,000 for the write off in respect of derivatives arrangement costs.

29. FIRST TIME ADOPTION OF FRS 102

— Reclassification of swap cancellation costs

For the year ended 31 March 2015, the cost of £896,000 in respect of removing the option to cancel two swaps at mid market value was accounted as swaps cancellation costs, part of interest payable. These costs were reclassified as changes in fair market value of hedge accounted financial instruments (note 6).

C. SHPS/The Growth plan pension scheme

Under FRS102, commitments under a multi employer defined benefit pension scheme to fund past deficits should be accrued for as a liability, discounted to net present value. The effect as at 1 April 2014 was £8,002,000. A further credit of £211,000 was included in the 2015 income and expenditure, representing the reduction in charge over the contributions paid.

D. Holiday pay provision

Prior to applying FRS 102, Viridian Housing did not make provision for holiday pay (i.e. holiday earned but not taken prior to the year-end). FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. Consequently an additional accrual of £297,000 at 1 April 2014 was made to reflect this, which was reduced by £5,000 during the year ended 31 March 2015.

E. Prior period error corrections:

— Effect of corrected cost of assets

As a result of reconciliation work re FRS 102 it was identified that certain costs of sales had previously been omitted in error and, with other minor adjustments identified, resulted in a decrease of income and expenditure of £359,000 for the Group and £355,000 for the Association.

A detailed review of the relevant transactions for the year ended 31 March 2015 resulted in further £175,000 for both the Group and Association written off.

— Recognition of government pension schemes deficit

A pension deficit liability in respect of two local authorities government defined benefit pension schemes of £143,000 was recognised as at 31 March 2014, with a further increase in liabilities during the year ended 31 March 2015 of £369,000, out of which £363,000 of actuarial loss was reflected through other comprehensive income (see note 27).

— Effect of correction of group consolidation

An increase in net assets of £2,112,000 as at 1 April 2014 has been included because a provision against group balances had been eliminated twice in error. Correcting inter-entity interest charges resulted in a further adjustment of £382,000 in 2015.